

## Appendix C - ABSVD Consultation comments and responses

Respondent	Comment	NG response
<p><b>Elexon</b></p>	<p>Part C:1, H</p> <p>Version 8.0 of the ABSVD Methodology explicitly excludes non-BM Frequency Response Services from the reporting of ABSVD (whereas v7.1 issued for the informal consultation did not make any reference to non-BM Frequency Response Services (or indeed any non-BM services). The absence in v7.1 caused some confusion, even at the BSC Panel discussion of P354, as to whether non-BM Frequency Response Services would be reported in ABSVD). In general, it would have been helpful if NG had explained the reasons for the proposals in v8.0 and especially for the changes between v7.1 and v8.</p> <p>It is essential to say why certain Balancing Services are excluded from the scope of the ABSVD Methodology, given that GB EBGL compliance depends on these changes to the ABSVD methodology.</p> <p>That is, Article 49.3. of the of the EBGL states:</p> <ul style="list-style-type: none"> <li>• 'For each imbalance adjustment, each TSO shall determine the activated volume of balancing energy calculated pursuant to Article 45 and any volume activated for purposes other than balancing.'</li> </ul> <p>Therefore, if non-BM Frequency Response Services are not included in the ABSVD Methodology Statement that will become effective in 2019, it is not clear how NG would achieve GB compliance with Article 49.3?</p>	<p>We are aware that there is a great deal of change impacting on Non-BM Providers in the coming years. This includes the proposed implementation of wider access to TERRE and the BM, which is anticipated to reduce the size of the Non-BM Provider market in the future. Therefore in implementing changes to the ABSVD and related P354 changes we have tried to develop a set of proposals that are pragmatic for the market.</p> <p>We have received feedback that developing such a methodology for non-BM Frequency Response services would be disproportionately resource intensive for Industry. Additionally, providing ABSVD volumes for non-BM Frequency Response services are not essential for compliance with the European Balancing Guideline (EB GL). EB GL Article 49.3 is pursuant to Article 45, which refers to 'at least the frequency restoration process and replacement reserves process'. Frequency response services fall under the Frequency Containment Process and are therefore beyond the scope of Article 49 of EB GL.</p> <p>Therefore we do not propose including provisions for ABSVD for Non-BM Providers at this time.</p>

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<b>Elexon</b>	<p>Part C:2, H</p> <p>This should also cover the scenario where a BM Participant elects not to nominate a BM Unit for the allocation of ABSVD.</p> <p>“BM Participant” is defined in the Grid Code but your usage in the ABSVD Methodology does not align with this definition.</p> <p>I suggest that the titles of Part B and Part C should be renamed along the lines of:</p> <ul style="list-style-type: none"> <li>• “...ABSVD where a BM Unit has been notified by the BSP”; and</li> <li>• “...ABSVD where no BM Unit has been notified by the BSP”</li> </ul>	<p>We do not believe that it would be possible for a BM Participant to elect not to nominate a BM Unit for the Allocation of ABSVD, particularly with the removal of the opt-out clause from elsewhere in the methodology.</p> <p>The text has also been amended to provide the definition of Non-BM participant in the context of the ABSVD methodology, which may also help clarify things further.</p>
<b>Elexon</b>	<p>Part C:2 M</p> <p>Suggest including underlined text as follows:</p> <ul style="list-style-type: none"> <li>• “...where a party contracts to provide ancillary services <u>that are included in the scope of this ABSVD Methodology</u> directly...”.</li> </ul>	<p>The text has been amended as suggested.</p>
<b>Elexon</b>	<p>Part E: 2.2 L</p> <p>“BSCP11” should really be in brackets, rather than a standalone sentence.</p>	<p>The text has been amended as suggested</p>

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<b>Elexon</b>	<p>Part E:2..2 H</p> <p>If a Trading Dispute relating to ABSVD is upheld, NG may be required to resubmit ABSVD after RF (up to DF at D+28 months, or potentially up to D+40 months for an Extra Settlement Determination).</p>	The text has been amended as suggested
<b>Engie</b>	Yes we believe that the changes detailed in Table 1 should be made and reflect proposed solution that has been developed in combination with Industry.	No response required.
<b>Engie</b>	We believe that it is important to use the new ABSVD solution for tendered services as soon as it is practically possible after implementation in the BSC.	<p>The ABSVD methodology will not be able to take effect until both any agreed go-live of P354 and associated changes to the National Grid Standard Contract Terms. The P354 implementation date is currently with Ofgem for decision.</p> <p>We have updated the change table in the methodology to include the link between methodology changes with any approved implementation of P354.</p>
<b>ADE</b>	The ADE agrees with the principle that the defect in current arrangements for notifying ABSVD should be corrected for all users. Removing spill revenue, while ultimately beneficial to competition, is likely to cause financial harms to a number of non-BM Balancing Services providers. It is therefore crucial that this short-term removal of revenues is aligned with a process that allows full market access for non-BM providers. We therefore would recommend that the proposed changes to ABSVD only be made as part of a holistic approach,	<p>We understand the arguments that the Proposer makes in terms of implementation. We also agree that equal treatment in terms of removing market distortions should be linked with equal access, which is why we are working towards wider access to the Balancing Mechanism.</p> <p>The ABSVD methodology will not be able to take effect</p>

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	<p>including full market access under P344.</p> <p>The changes to ABSVD should be aligned with the implementation date of P354, which we believe should be set at 1 April 2020. Several responses to the first P354 Assessment Procedure Consultation highlighted the need for a 2 year timeframe to implement the proposed changes. If the implementation date for P354 and the ABSVD changes is set at 1 April 2019, it is essential that those parties that have tendered and received STOR contracts based on spill payments prior to the implementation of P354 continue to receive spill payments for the duration of their agreement. This will allow for the orderly run-off of existing contracts. National Grid have agreed to this approach in theory, pending final legal advice. If the legal advice recommends that this approach is not possible, or is too administratively burdensome to undertake, it is essential that the implementation date be set at 1 April 2020. This would align it with the TC's changes to the Standard Terms and Conditions of affected Balancing Services contracts.</p> <p>While the above approach (i.e. existing STOR contracts receiving spill payments for the duration of the agreement), is essential if the implementation date is set at 1 April 2019, it will create a market where contracts are running on two different bases. This risks increasing the complexity of the market and may impact competition, as different providers seek to price different variables into their bids. National Grid should take this complexity into account when assessing which implementation date is most suitable.</p>	<p>until both any agreed go-live of P354 and associated changes to the National Grid Standard Contract Terms. The P354 implementation date is currently with Ofgem for decision.</p> <p>As indicated in National Grid's response to the P354 Report Phase consultation, if an April 2019 date was directed for P354 we would be minded to implement for STOR in April 2020 because of the interaction with 2 year contracts.</p> <p>We have updated the change table in the methodology to include the link between methodology changes with any approved implementation of P354.</p>

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<b>NPower</b>	<p>The contents page (page 4 of Appendix A pdf document) incorrectly states : PART E ABSVD Methodology for BM participants</p> <p>This should be amended to show: PART E ABSVD Methodology for nonBM Participants, reflecting the changes shown in Table 1.</p>	The text has been amended as suggested.
<b>NPower</b>	<p><i>In response to “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”.</i></p> <p>Yes. On the basis that without these changes to the ASBVD methodology, the changes contained within the BSC P354 would not deliver the specified objectives.</p>	No response required.
<b>NPower</b>	<p>We are concerned that this consultation into proposed changes to the ABSVD methodology have been prepared in advance of the final outcome of the P354 solution, and importantly whether suppliers will (as the both the P354 work group and panel members voted to recommend) receive confirmation regarding which MSIDs have caused the adjustment to the Balancing Responsible Party (the Supplier) imbalance position.</p> <p>In the event that Ofgem does not decide to facilitate the effective provision of data (relating to the nonBM participant MSID), which has resulted in the ABSVD adjustment, we remain very concerned that neither the P354 solution nor the changes to the ABSVD methodology would deliver an efficient and effective solution and instead would replace the inefficiency highlighted at the BSC level to a downstream to the supplier / customer contractual relationship rather than being properly addressed.</p>	<p>Disclosure of information to Suppliers has been discussed as part of the P354 modification, and forms part of the final P354 proposals.</p> <p>The BSC Panel recently voted on P354 and voted in favour of the Proposed modification which requires consent from Non-BM Providers before MSID level data for adjustments relating to ABSVD is shared with Suppliers relating to ABSVD.</p> <p>As indicated in our response to the P354 Report Phase consultation, National Grid are supportive of the Proposed modification as this reduces the risk of potential competition issues between Aggregators and Suppliers as a result of the modification.</p>

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<b>Electricity North West</b>	<p>We do not with the proposed changes in particular,</p> <ul style="list-style-type: none"> <li>• 1.8 Part C New part C to reflect arrangements for the provision of Non-BM ABSVD and.</li> <li>• 1.10 Part E New part E to reflect methodology for calculation of ABSVD for Non-BM participants</li> </ul>	This is noted.
<b>Electricity North West</b>	<p>We do not agree that changes to</p> <ul style="list-style-type: none"> <li>• Part C New part C to reflect arrangements for the provision of Non-BM ABSVD and</li> <li>• Part E New part E to reflect methodology for calculation of ABSVD for Non-BM participants</li> </ul> <p>should be made.</p> <p>Primarily, the amendments do not properly reflect services like CLASS which applies demand reductions at a system level which in effect are smeared across all suppliers based on their share of overall consumption. These effects are picked up through normal settlement processes in the Group Correction Factor. CLASS operates within normal voltage limits and any impacts are within the general forecasting risks of suppliers and are likely to be less than other inherent errors in the process such as metering errors, estimated readings, gross volume corrections, profiling errors, loss adjustment factor errors etc.</p> <p>If the general approach is maintained, the wording should be amended to exclude services such as CLASS where supplier volume adjustments are applied across all suppliers in a uniform manner.</p> <p>However, it is difficult to justify why these amendments should be included at all. Customers are free to vary their demand at any time without any reference to suppliers</p>	<p>The changes to the ABSVD methodology fulfil a compliance requirement relating to Article 49 of the European Balancing Guideline.</p> <p>We are technology neutral in implementing these changes across the relevant services, which we have explicitly mentioned in Part C.1 of the ABSVD methodology. These changes will apply to any party providing STOR, Demand Turn-up and Fast Reserve outside the Balancing Mechanism. As these services are measured and paid for in relation to delivered energy volumes we believe that it should be possible for the Balancing Services Provider to provide us with these delivered volumes by MPAN/MSID.</p>

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	<p>which may impact a supplier's imbalance position over which they have no control. This will become more common as DSO services are introduced. Supplier volumes will be affected by these services, as they will by supply interruptions, customers buying new equipment including behind the meter generation and storage etc.,etc.</p> <p>It should be for suppliers to sort this with their customers, not for the industry to bring forward convoluted and unnecessary changes. The change seems add additional barriers to entry for new entrants into these markets and will have an adverse effect on competition.</p>	
<p><b>Electricity North West</b></p>	<p><i>In response to "Do you have any other comments in relation to the changes proposed to the ASBVD"?</i></p> <p>These changes should not be made.</p>	<p>This is noted.</p>
<p><b>Smartest Energy</b></p>	<p>This is all wrong.</p> <p>Article 49 of the European Guideline for Balancing requires TSOs to "calculate an imbalance adjustment to be applied to the concerned balance responsible parties for each ABSVD informal activated balancing energy bid". NGT seem to have decided that "effectively this means that in GB the SO will need to ensure that imbalance is correctly attributed when Balancing Services are delivered. In the case of non-BM Balancing Services providers, this means that delivered balancing energy is neutralised against the relevant Supplier's account." We do not agree that this necessarily means that volumes need to be changed in the Supplier's account. The adjustment could be financial.</p>	<p>Ensuring compliance with Article 49 of the European Balancing Guideline has been discussed alongside addressing the defects identified by the Proposer as part of an Industry-wide Open Governance process under BSC modification P354. The changes to the ABSVD methodology have also been developed through an informal workgroup process. The proposed solution has been seen as the best way to solve the defect under these processes.</p>

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	<p>Suppliers' processes assume that the energy which passes through the meter is that on which they are settled. This is a fundamental feature of the BSC.</p> <p>In our view, a better solution would be to adjust the payments to embedded generators in the NGT sphere i.e. a secondary correcting cash transfer at SSP could be made where the BMU does not have its position corrected through ABSVD. If non-BM Units and their aggregators know that they will have to pay a secondary cashflow they will adjust their bids for STOR accordingly.</p>	
<p><b>Flexible Generators Group</b></p>	<p><b>Ability of opt out of ABSVD for Balancing Mechanism participants</b></p> <p>From the workgroup, FGG understood the intention was that BM service providers would not be permitted to opt out of having their service volume adjusted. This point seems to have been recognised in the main text of the revised statement. In section 1.1 the following text is marked as deleted "The inclusion of any individual Applicable Balancing Service within the Applicable Balancing Services Volume Data is at the discretion of the Lead Party of the relevant BM Unit (see part C, section 2) unless otherwise directed in the CUSC...".</p> <p>However, reference to page 14 of the statement shows that the volume of service delivered by a BM participant is multiplied by the variable SFsm. This variable may be nominated by the service provider to be 0 (see Section D, part 2 on page 22) and for many services SFsm defaults to the value of 0. Where SFsm is zero, then a volume of zero for the service feeds into the imbalance calculation and the provider has effectively opted out (and the default rules generally mean that a BM provider has to actively opt in to volume adjustment). While the P354 work focussed on non-BM providers, the premise was that the incoming EU rules would require ALL energy from the provision of ancillary services to be allocated to the SO's energy account.</p>	<p>The ability of opt out of ABSVD for Balancing Mechanism participants was intended to be removed through these changes. The formulae have been amended to correct for the defect highlighted.</p>

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<b>Flexible Generators Group</b>	<p><b>Calculation service volume for BM participants</b>                      Part D of the statement sets out how service volume is calculated for BM participants. On page 15, a section starts “Where service s is fast reserve, STOR, or occasional (non-dynamic) response (and a bid offer acceptance is not issued in respect of the service call off)...” It then goes on to explain how SEsj is calculated for each of these services.                      FGG would have assumed that the definition of a “BM participant” delivering STOR or Fast Reserve would be a provider who is instructed to deliver the service by bid offer acceptances. We are unclear why there is a volume calculation for a BM participant delivering STOR and Fast Reserve where a bid offer acceptance has not been issued. It would be helpful if the circumstances where this would occur could be made clear.</p>	<p>There are circumstances where a Bid Offer Acceptance would not be issued, for example when an instruction includes a signal from a relay (or other equipment) owned by National Grid to initiate the delivery of an occasional (non-dynamic) response service. This is described in page 17 of the methodology.</p>
<b>Flexible Generators Group</b>	<p><b>Calculation of service volume for non-BM participants</b>                      Part E of the statement determines how service volumes for non-BM participants are calculated. It states “ABSVD for Non-BM Participants is not calculated by NGET. ABSVD for Non-BM Participants, as per Part B of this document, is based on the pass through of collared delivered volumes by MSID pair to Elexon. Elexon will calculate Non-BM Unit ABSVD for each impacted BRP in accordance with the BSC, which will be used to correct BRP imbalance positions.”                       FGG would have expected the ABSVD statement to indicate how “collared delivery volumes” are determined. We had understood that this was the main purpose of the ABSVD statement (and we note the volume of detail, along with worked examples included in Part D for BM participants).                       If a service provider was to deliver (say) Fast Reserve by varying production and generation across three sites, it is not clear how the volume would be allocated to each MSID pair. Given that the import and export responsible parties for each pair could be different, these allocation rules could impact the balance positions of six BSC parties.</p>	<p>The ABSVD methodology sets out the mechanisms through which collared delivered volumes are passed to Elexon. The requirement for the provision of these volumes and how they are calculated for each service will be set out in the contract terms relating to this service.</p> <p>In terms of the volume of detail regarding the calculations, the difference in the methodology between part D and Part E is difference due to where these volumes are calculated. For Non-BM ABSVD these calculations are laid out in the changes to the BSC proposed under P354 and are referenced in the methodology (subject to any P354 approval).</p> <p>With regards how the volume is allocated to each MSID pair, this will be the responsibility of the Non-BM Provider to determine. We expect that they will know this information as this would presumably form the basis of their own contracts.</p>

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	<p>Transparency of service delivery is important, both for balancing service providers and BSC parties acting as off takers; the energy balancing rules must not be distorted by incorrect energy allocations. If parties cannot see a transparent process for the allocation of volume to them, it makes them reluctant to take on this service.</p> <p>FGG infers that “collared” refers to limiting the amount of volume allocated to an MSID pair to the volume of service that is actually delivered – and by inference, if a service is instructed but no volume is delivered, there will be no imbalance exposure. This is significantly different to the treatment of a BM service provider (who would be exposed to imbalance charges) and does not seem to create the level playing field that was intended under P354.</p> <p>The section has simple omissions such as the sign convention of the volume data (is import positive or negative) supplied by National Grid to Elexon.</p> <p>There is no timetable by which the data is submitted to Elexon – we would suggest five working days.</p> <p>The process by which the delivery volume is collared is not specified. FGG’s members who attended the P354 workgroup understood that this would be based on metered delivery of service and</p> <ol style="list-style-type: none"> <li>i. i. applying a cap (such that the volume of service reported was not greater than the instructed volume – presumably in the case of demand reduction and/or generation increase); and</li> <li>ii. ii. a floor (such that the volume of service delivered was not less than the instructed volume – presumably in a case of demand increase and/or generation decrease).</li> </ol> <p>On this basis, FGG would expect the statement to include:</p>	<p>ABSVD only applies if a service is delivered. This is the same for BM as is proposed for Non-BM.</p> <p>Requirements for data provision will be set out in the contract terms for the relevant service.</p> <p>The timescales for data submission to Elexon are laid out in Part C:3.</p> <p>As above, we will be placing obligations for collaring delivered volumes at the instructed level within Non-BM Provider contract terms. This is to give providers full visibility of the obligations placed on them relating to providing the service. Contract terms will be changed according to their change processes in a timely fashion following any approval of the ABSVD methodology and P354.</p>

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	<p>i. i. the metering standards used to assess the delivery volume (for example COP boundary point meters);</p> <p>ii. ii. how the baseline (in the absence of an FPN) is determined when estimating the amount of service that has been delivered by varying generation and/or demand; and</p> <p>iii. iii. how the process works when it is delivered by time shifting demand and/or generation. For example, a refrigeration plant normally takes a load of 5 MW. At the start of the settlement period, it is instructed off for 15 minutes. For the first 15 minutes, it takes no demand, and then for the remaining 15 minutes takes 10 MW of demand. Both with and without the instruction its import meter would have shown 5 MWh of import for the relevant settlement period. The treatment of situations like this needs to be made clear in the ABSVD statement</p> <p>Furthermore, FGG understood that mandating the change in energy allocation would only be applicable for new balancing services contracts. As you are aware, there are some LT STOR contracts that run to 2025. Given that this document explains to the wider market how energy flows are treated it would seem prudent to set out this principle so that existing service providers, as well as potential asset purchasers, etc. could understand how these principles are applied.</p>	<p>Please see comment above. In relation to (ii) and (iii) ABSVD for Non-BM Providers will be based on apportioning delivered service volumes to the relevant MSID/MPAN pair. It does not require a baseline or calculation based on profiles by the Transmission Company such as with BM ABSVD. It is for the Non-BM Provider to allocate the delivered volumes by MSID/MPAN Pair.</p> <p>As the changes relate to a compliance requirement with Article 49 of the European Balancing Guideline, we anticipate that we may need to change provisions to Long Term STOR Contracts prior to their expiration.</p>
<b>Flexible Generators Group</b>	<p><b>Disputes</b></p> <p>Assuming that the P354 original proposal goes ahead, then the BSC party is not informed which MSID (and therefore which customer) is providing the balancing service. It is not clear to FGG how a party would know if the correct volume data was being allocated to it or not.</p> <p>For a very simple example, suppose a service provider delivered 50 MWh of balancing service energy, and it could deliver it from two sites (“A” and “B”).</p>	<p>Disclosure of information to Suppliers has been discussed as part of the P354 modification, and forms part of the final P354 proposals. These proposals are now with Ofgem and are not in our gift to change.</p> <p>In terms of the disputes process, this was discussed as part of the ABSVD informal Workgroups and the process</p>

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	<p>Site A being registered with Supplier and BSC Party A and site B being registered with Supplier and BSC party B.                      The service provider incorrectly advises National Grid that it delivered the volume from site A (when in fact the volume was delivered from site B).                      Supplier A would see a volume adjustment of 50 MWh but, because it has no way to know that its customers were not delivering balancing service at the time, would have no way to know if this is correct. Similarly, supplier B would not have a volume adjustment at all (and not knowing if one of its off takers had delivered a balancing service) again would have no knowledge upon which to raise a dispute.                      The service provider may be well aware that an error has occurred, but by not being a BSC party they will have no means to raise a dispute.</p> <p>A different example would be a Supplier with 10,000 customers. It is uncomfortable with the volume adjustment process, and so include in their terms and conditions that their customers may not provide balancing services. For a settlement period, their account is adjusted following an allocation of volume under ABSVD. Would the Supplier be expected to write to each customer asking if they were providing balancing services? Would the disputes process accept a Supplier's objection to the ABSVD volume adjustment on the basis that it was in its standard terms and conditions that its customers could not deliver balancing services?                      The disputes process appears to provide BSC parties with too little information to raise a meaningful dispute and service providers, who are not BSC parties, with no route to raise a dispute.</p>	<p>outlined in the ABSVD methodology provides a route for Non-BM Providers to raise a dispute with National Grid relating to volumes passed to Elexon.</p> <p>National Grid and the Non-BM Provider may also be asked to provide evidence as part of a dispute process raised with Elexon under BSC procedures relating to ABSVD volumes applied to Supplier Energy Accounts.</p>

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<b>Flexible Generators Group</b>	<p><b>Implementation Date</b> The drafted document appears to take immediate effect. Is this the intention? The FGG had understood that, at the P354 work group, it was the intention to make this effective from 1 April 2019 at the earliest.</p>	<p>The text has been amended on the change table to add further clarification around implementation timescales.</p>
<b>Flexible Generators Group</b>	<p><b>Definition of BM and non-BM</b> The document sets out calculation methodologies for both BM and non-BM participants, however the document lacks definitions of BM and non-BM. For example, if a large power station (that makes Bids and Offers available in the BM) provides FFR, but no BOAs are issued in respect of the service delivery (as would be normal) is this a BM or non-BM service? Similarly, suppose a STOR provider (despatched via SRD) has its meters allocated into a Supplier BM unit that makes (and has accepted) bids and offers in the Balancing Mechanism, is this a BM or a non-BM service?</p> <p>FGG is also unclear how energy taken under TERRE from a “Virtual Lead Party” would be classified. Is this a new type of BM Participant which also needs defining? While we appreciate the P344 TERRE is not an approved mod, neither is P354, and it would seem to make sense to draft this in such a way as to add any required new terms at this time.</p>	<p>The text has been amended to provide the definition of Non-BM participant in the context of the ABSVD methodology which should provide further clarity.</p> <p>If P344 has a consequential impact on the ABSVD methodology this will be updated accordingly at that time.</p>
<b>Flexible Generators Group</b>	<p><b>Maximum Generation</b> Given that “the product has not been used since 2006 as the product is met through reserve products, which are more economic and versatile” and you have stated that you will no longer procure maximum generation, would it make sense to remove it from the ABSVD statement? If not, we believe that the Maximum Generation section in Part B should refer to part D.</p>	<p>We are not able to remove references to MaxGen from this document as we still have live MaxGen contracts.</p>

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<b>Flexible Generators Group</b>	<p><b>Audit of Data</b> Clearly different parties are competing to deliver balancing service and are impacted by the allocation of imbalance volumes. Similarly, all industry participants (including those who do not deliver balancing service) are exposed to the volume adjustment data as it impacts the overall cost of imbalance. To this end, we think that it is important that the ABSVD statement makes provision for the independent audit of data submitted by National Grid to Elexon, and in particular the integrity of any non-settlement meters used to determine the volume of service delivery; as well as ensuring that services are delivered at the system boundary.</p>	<p>We understand a need to ensure that balancing services providers deliver the services that they have been contracted for. We are incentivised to ensure that data relating to service delivery is correct and we will continue to monitor provider performance. We are continuing to evolve our performance monitoring as it is in our interests to do so, and will also be keen to engage with any Industry-led discussions around behind-the meter if such an issue group is raised in due course.</p>
<b>Flexible Generators Group</b>	<p><b>Conclusion</b> National Grid will be aware that the FGG has serious concerns about the way that energy flows from ancillary services are being dealt with, given the wider changes to the market in which they operate. The current redraft of the ABSVD has some substantive issues that need to be addressed. In particular, the issue of incorrect energy allocations and the lack of robust dispute procedures.</p> <p>We would propose that National Grid redraft this and consult again because as things stand, the changes would appear to result in a less efficient operation of the market than we have today.</p>	<p>We note the concerns raised by FGG throughout their response and have responded to these concerns above.</p> <p>National Grid are currently going through a process of evolving, simplifying and standardizing our markets. As a result of this there may be further changes to the C16 statements and methodologies. This will provide further opportunity to engage changes to the methodologies.</p>
<b>EDF Energy</b>  <i>Late comment</i>	<p><i>In response to “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.</i></p> <p>Changes are necessary to support the estimation and transfer of ABSVD from a wider range of balancing services to the BSC, but more clarity and consistency is desirable. See comments below.</p>	<p>This is noted.</p>

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<p><b>EDF Energy</b></p> <p><i>Late comment</i></p>	<p>Changes are necessary to support the estimation and transfer of ABSVD from a wider range of balancing services to the BSC, but more clarity and consistency is desirable. See comments below:</p> <p>The ABSVD statement should aim to be consistent with terms in the BSC, CUSC and the EU Electricity Balancing Guideline (EU2017-2195 Article 2):</p> <p><i>“(6) ‘balancing service provider’ means a market participant with reserve-providing units or reserve-providing groups able to provide balancing services to TSOs;</i></p> <p><i>(7) ‘balance responsible party’ means a market participant or its chosen representative responsible for its imbalances;”</i></p> <p><i>“(14) ‘imbalance adjustment’ means an energy volume representing the balancing energy from a balancing service provider and applied by the connecting TSO for an imbalance settlement period to the concerned balance responsible parties, used for the calculation of the imbalance of these balance responsible parties;”</i></p> <p><b>‘BM’ and ‘Non-BM’ as written in LC16 doesn’t mean ‘balancing mechanism’ and non-‘balancing mechanism’:</b></p> <p>In the Transmission Licence, “balancing mechanism” means the mechanism for the making and acceptance of offers and bids pursuant to the arrangements contained in the BSC and referred to in paragraph 2(a) of standard condition C3 (Balancing and Settlement Code (BSC)).’ We take this to mean the “BM”, but this doesn’t appear to be what is meant by BM and non-BM in the C16 methodology statements.</p> <p>The Transmission Licence defines Balancing Services in relation to Licence Condition C as ancillary services, Bids and Offers in the Balancing Mechanism, and other services available to the licensee.</p>	<p>We have some sympathies with these comments and acknowledge that there may be further changes we could make to the methodology to simplify them for the reader. However, being highlighted at this late stage (both in terms not being raised at the informal consultation and a late timed submission to the formal consultation) has meant that we have not had sufficient time to make this scale of changes proposed to the methodology.</p> <p>However, we acknowledge that many of these ideas have merit and we do understand a need to tidy up the document. National Grid are also currently going through a process of evolving, simplifying and standardizing our markets. As a result of this there may be further changes to the C16 statements and methodologies required as a result of this.</p> <p>We will feed the respondent’s comments into the start of the process at the next review to allow more time to analyse the substantive changes suggested and give Industry a chance to comment on proposals relating to these.</p> <p>In the meantime, we have taken on board the spirit of the comments and have made further clarifications to the text, including defining Non-BM Provider in the context of the methodology. .</p>

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	<p>Licence Condition C16 says "applicable balancing services" means those services that the Authority directs the licensee to treat as applicable balancing services;'. Licence Condition C16 refers to Applicable Balancing Services Volume Data required under the BSC, and Authority approval of a methodology for determining and providing this. It appears that Authority approval of the methodology is taken as simultaneous approval of what the applicable balancing services are, or perhaps that approval is given secretly. In reality, the BSC is not currently explicit about what data is required; that is left to NGET and the Authority.</p> <p>Given that Bid-Offer volumes in the BM are settled with the BSC Party registrants of relevant BM Units under the BSC, it seems clear that Applicable Balancing Services relate to balancing volumes <u>not</u> provided as Bid-Offer volumes. ie. All ABSVD volumes are "non-Balancing Mechanism".</p> <p><b>ABSVD statement Part B 1.1</b> is a general description of how ABSVD data is used in the BSC (in which it is described by the acronym QBS). The general description of 'Balancing Services' at the beginning is effectively for information and not specific to "BM" or "non-BM" ABSVD. It would be better placed in an appendix.</p> <p><b>Part B 1.1 Page 7 bottom of page:</b> Note that the determination of QBS in BSC Section T4.3.2 was changed with P305 Electricity Balancing Significant Code Review on 5 November 2015, and further changes are likely for P344 TERRE.</p> <p>An informal terminology seems to have arisen in the Licence Condition C16 statements and elsewhere, in which 'BM' means something other than the Balancing Mechanism as defined in the Transmission Licence.</p> <p>In the LC16 statements:</p> <ul style="list-style-type: none"> <li>'BM' seems to refer to balancing services provided by a BSC Party from</li> </ul>	

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	<p>a BM Unit registered to it, regardless of whether those services are provided through the balancing mechanism (settled under the BSC) or outside it (bilateral contracts).</p> <ul style="list-style-type: none"> <li>• 'Non-BM' seems to refer to balancing services contracted by NGET with someone other than a BSC Party, necessarily outside the balancing mechanism, where the relevant volume will affect the flow attributed to one or more BSC Parties but the BSC Party(s) are not necessarily party to the balancing contract.</li> </ul> <p><b>The first two paragraphs of Part B 1.2 and the first paragraph of Part C 1</b> are a general description of Balancing Services, which according to the transmission licence include ancillary services, volumes procured in the balancing mechanism, and other services. Repetition of this background could be avoided by moving it to Part A. ABSVD volumes clearly relate to ancillary services and other services, and not to balancing mechanism volumes, and this should also be made clear.</p> <p>It would be preferable to summarise in Part A the difference between services provided explicitly by a BSC Party within or outside the Balancing Mechanism ("BM Participants"? or more correctly BSC Parties), and services provided by a non-BSC Party outside the Balancing Mechanism ("Non-BM Participants", or more correctly Non-BSC Parties).</p> <p>The title of Part B suggests it is specific to BM Participants, but the text actually describes balancing services contracted with BSC Parties outside the Balancing Mechanism. The title would be more accurate as "Part B: Applicable Balancing Services Volume Data 'ABSVD' for balancing service volumes contracted directly with BSC Parties outside the Balancing Mechanism".</p> <p>The title of Part C suggests it is specific to non-BM Participants, but the text actually describes balancing services contracted with non-BSC Parties,</p>	

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	<p>necessarily outside the Balancing Mechanism, with reference to imbalances attributed to the relevant supplier(s). The title would be more accurate as “Part C: Applicable Balancing Services Volume Data ‘ABSVD’ for balancing services contracted with non-BSC Parties outside the Balancing Mechanism”.</p> <p>le. there are actually two separate distinctions to be made, which should be summarised in Part A:</p> <ol style="list-style-type: none"> <li>1. Between balancing volumes in the BM vs those outside it:               <ol style="list-style-type: none"> <li>a. submitted to and accepted in the Balancing Mechanism in relation to a BM Unit (which are necessarily transactions with the BSC Party to whom that BM Unit is registered) (a BM Participant <u>and</u> BSC Party), and those</li> <li>b. contracted bilaterally with NGET without reference to the Balancing Mechanism (Non-BM participant, either a BSC Party or a non-BSC Party);</li> </ol> </li> <li>2. Between balancing volumes contracted with a BSC Party vs those with a non-BSC Party:               <ol style="list-style-type: none"> <li>a. contracted directly with the BSC registrant of a BM Unit, a “BSC Party”, or</li> <li>b. contracted with someone other than the BSC registrant of a BM Unit, a “Non-BSC Party” such as an exempt generator, end-consumer or aggregator. The flow of a “Non-BSC Party” is usually (but not necessarily) included in the flow of one or more BSC Party BM Units, usually Supplier’s BM Units.</li> </ol> </li> </ol> <p>Part B as written covers 2a (1a + 1b for BSC Parties); Part C as written covers 2b (1b for non-BSC Parties).</p>							
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 40%;">BM (Balancing Mechanism)</td> <td style="width: 40%;">Non-BM (Non-Balancing Mechanism)</td> </tr> <tr> <td>BSC Party</td> <td> <ul style="list-style-type: none"> <li>• Balancing volume delivered from a BM Unit by its registrant</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Balancing volume del from a BM Unit by its</li> </ul> </td> </tr> </table>		BM (Balancing Mechanism)	Non-BM (Non-Balancing Mechanism)	BSC Party	<ul style="list-style-type: none"> <li>• Balancing volume delivered from a BM Unit by its registrant</li> </ul>	<ul style="list-style-type: none"> <li>• Balancing volume del from a BM Unit by its</li> </ul>	
	BM (Balancing Mechanism)	Non-BM (Non-Balancing Mechanism)						
BSC Party	<ul style="list-style-type: none"> <li>• Balancing volume delivered from a BM Unit by its registrant</li> </ul>	<ul style="list-style-type: none"> <li>• Balancing volume del from a BM Unit by its</li> </ul>						

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		through submission and acceptance by NGET of Bid-Offers in the BM. <ul style="list-style-type: none"> <li>Settled with provider in the BSC.</li> </ul>	registrant by means of acceptance of Bid-Offers in the BM. <ul style="list-style-type: none"> <li>Settled with provider outside the BSC, although ABSVD volume may be included in the BSC calculation of BSC Pa imbalance.</li> </ul>
	Non-BSC Party	Not permitted.	<ul style="list-style-type: none"> <li>Volume delivered from Party contracted directly to NGET by means other than acceptance of Bid-Offers in the BM.</li> <li>Settled with provider outside the BSC, although ABSVD volume may be included in the BSC calculation of BSC Pa imbalance for the relevant BSC Party(s) to whom boundary meters are registered.</li> </ul>
	The last sentence of the first paragraph of Part B 1.2 and Part C 1 says "ABSVD covers a subset of the Balancing Services that we intend to procure". The next sentence of Part B 1.2 says "In general, Balancing Services deemed to be Applicable will be those services required by the System Operator for economic operation of the transmission system, that result in the service provider being exposed to imbalance charges whilst assisting in system		

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	<p>balancing. Both Part B 1.2 and Part C 1 say “For the avoidance of doubt a consultation will be carried out prior to any further Balancing Services being included in the calculation of ABSVD.” The transmission licence requires the Authority to agree applicable balancing services, and the method for calculating volumes and providing them to the BSC. The ABSVD Methodology statement appears to be the method of publishing the Authority position on both these requirements. It should be made clear that while ‘in general’ there are balancing services likely to be deemed to be Applicable, only the specific services listed are actually approved by the Authority to be considered Applicable (unless the Authority has explicitly delegated its direction to NGET, or the approval is confidential).</p> <p>Page 15, middle of page, describes frequency response volumes to be included in the summation referred to on the previous page. It is presumably attempting to say that Mode A Frequency Response delivered as a mandatory service and/or other types of frequency response with similar features but different parameters delivered according to a relevant service agreement should be included in the summation, but gives the impression (‘except that’) that only other types should be included.</p> <p>Without prejudice to previous comments on ‘BM’ and ‘non-BM’ terminology:</p>	
<p><b>EDF Energy</b></p> <p><i>Late comment</i></p>	<p>From “PART C: APPLICABLE BALANCING SERVICES VOLUME DATA ‘ABSVD’ FOR NON-BM PARTICIPANTS”</p> <p><i>“2. ABSVD Calculation for Non-BM Participants</i></p> <p><i>A Non-BM Participant is someone who provides a Balancing Service as a Balancing Services Provider (BSP) outside of the Balancing Mechanism. [This could include volumes from a BSC Party at the level of a BM Unit] This means that their imbalances are attributed to their relevant Supplier who is therefore</i></p>	<p>We have amended the text in Part C to clarify the text in response to this.</p>

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	<p><i>the Balancing Responsible Party (BRP). [This won't necessarily be true for provision at BM Unit Level by a BSC Party (eg. frequency response), where a generator may be the BRP] Where a BSP is not a BRP, ABSVD cannot be assigned to a BM unit for the BSP as one does not exist. An adjustment will <del>therefore need to</del> be made to the BRP's imbalance account <b>in the BSC</b> to ensure this takes into account the the relevant ancillary service volumes provided within their <b>relevant BSC Party(s)</b> portfolio(s). I.e. where a <b>non-BSC</b> party contracts to provide ancillary services directly with National Grid outside of the Balancing Mechanism, ELEXON will calculate Non BM Unit ABSVD for each impacted BRP <b>for use in accordance with the BSC</b>, <del>which will be used to adjust</del><del>correct</del> BRP imbalance positions.</i></p> <p><i>The Non-BM ABSVD volumes will take the form of delivered volumes of contracted balancing services, collared at the instructed amount, by MSID pair and by settlement period. This will be applied to all Non-BM sites irrespective of the complexity.</i></p> <p><i>Where this data is requested in contracts by National Grid this will be provided by the BSP to National Grid. National Grid will validate the volumes by confirming that they do not exceed the total instructed volume. These will then be passed to Elexon who will [what does the rest of this sentence mean? Is it referring to the use of ABSVD to adjust a BSC Party's imbalance position? Neutralisation is not appropriate terminology, adjustment would be better] then neutralise them against the relevant Supplier Energy Account Any volumes outside those relating to the Balancing Service (i.e. over-delivery) will not be part of this data pass-through and therefore these volumes will not be applied to the relevant Supplier's account for imbalance neutralisation."</i></p> <p>From "PART E: ABSVD METHODOLOGY FOR NON-BM PARTICIPANTS"</p> <p>"2. Disputes</p>	

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	<p>2.1. <i>Disputes raised by BSP</i>  <i>A dispute arises where the BSP disagrees with the value of the Non-BM ABSVD notified by National Grid. ...”</i>  <i>A BSP is not likely to be interested in ABSVD data, which is data applied to the BRP. A BSP is only likely to be interested in the volumes for which it is paid.</i></p> <p>“2.2. <i>Disputes for ABSVD by Supplier</i></p> <p><i>These will be dealt with via Elexon through BSC Trading Disputes processes. BSCP11. Where the dispute requires investigation into the source data provided to Elexon, National Grid will seek to provide supporting information to resolve this matter.</i></p> <p><i>[Dependent on the outcome of P354, a supplier may have limited information on which a dispute might be raised]</i>  <i>In the event that an error is identified in the ABSVD, the data will be re-submitted and corrected, as soon as reasonably practicable, but not later than the Final Reconciliation Run, once the corrected data is available.</i></p> <p>3. <i>Calculation of ABSVD</i>  <i>The calculations for the Determination of Non-BM Unit ABSVD are laid out in the Balancing and Settlement Code Annex S-2: Supplier Volume Allocation Rules, Section 7 “Half Hourly Metering System Consumption”, paragraph 7.3.</i>  <i>[Presumably this concerns the allocation of MSID pair volumes between MSIDs and hence suppliers]</i>  <i>Note for consultation: This is currently the subject of the P354 proposed legal text <a href="https://www.elexon.co.uk/mod-proposal/p354/">https://www.elexon.co.uk/mod-proposal/p354/</a>”</i></p>	