

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

P328 'Clarifying BSC SBR definitions to align with the BSAD and SMAF Methodology Statements'

This Modification proposes to amend the SBR definitions to align with the revised C16 Transmission Licence Statements. The Proposer requests that this is treated as an Urgent Modification Proposal.



The BSC Panel recommends **approval** of P328

This Modification is not expected to directly impact any participants.

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About This Document

This is the P328 Final Modification Report, which ELEXON has submitted to the Authority on behalf of the BSC Panel. It includes the Panel's full views. The Authority will consider this report and will decide whether to approve or reject P328.

There are two parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach.
- Attachment A contains the approved redlined changes to the BSC for P328.

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Why Change?

Since the approval of [P323 'Enabling inclusion and treatment of SBR in the Imbalance Price'](#), the Transmission Company (TC) has identified an additional example of Supplemental Balancing Reserve (SBR) provision that was not considered by the P323 Workgroup and therefore not covered in the Balancing and Settlement Code (BSC).

The Transmission Licence Standard Condition [C16 'Statements of the Transmission Licence' Balancing Services Adjustment Data \(BSAD\)](#) and [System Management Action Flagging \(SMAF\)](#) Methodology Statements have been updated to ensure that System Actions related to this additional scenario are also considered as SBR Actions. These changes add to the terms agreed under P323.

As such, the BSC's SBR definitions are incomplete when compared to those in the BSAD and SMAF statements.

Solution

The proposed solution is to amend the definitions of "SBR Action" and "SBR" to align with the changes to the BSAD and SMAF changes.

Impacts & Costs

This Modification will be a document-only change. There are no system impacts and no impact on BSC Agents. The central implementation costs will be approximately £240 (one ELEXON man day) to implement the relevant document changes. As this Modification is a Code-only change, it will not have a direct impact on any industry participants.

Implementation

The Panel recommend that this Modification is implemented one Working Day (WD) following Approval as part of a Standalone Release.

If treated as Urgent and notice received on the same day as the request, then this would be 13 November 2015. If not treated as Urgent but treated as Self-Governance, the earliest that this would be is 7 January 2016.

Recommendation

The Panel's unanimous view is that P328 **better** facilitates Applicable BSC Objective (a) and (c) and therefore recommends that P328 should be **approved**.

It also recommended that P328 be progressed as an Urgent Modification; and should the Authority not grant Urgency, then it should progress directly to the Report Phase and determined under Self-Governance.



Background

The BSC, as amended by P323, enables the TC to identify and re-price System Actions related to the provision of SBR.

Prior to P323, any SBR related System Action would have been priced according to the SBR provider's contracted Offer Price (PO) with the TC and then System Operator (SO)-Flagged.

P323 replaced the PO with the Value of Lost Load (VoLL) for output instructed for SBR purposes. This is because the VoLL better reflects the prevailing market value of the SBR output than PO, which is agreed between the TC and SBR provider ahead of any SBR delivery.

The P323 Workgroup considered that an SBR Action should only relate to the output from an SBR provider above its Stable Export Limit (SEL). This was in line with the changes to the C16 Methodology Statements, with the definition of SBR Action based on the principle that an SBR plant needed to be 'ramped up' to its SEL before it could deliver SBR services. That is, the output above SEL. Consequently, P323 was approved and implemented with a definition that limits SBR Actions to exclude a related Balancing Mechanism (BM) Unit's output below SEL, or where the action is flagged as being for System Constraint purposes (i.e. SO-Flagged).

What is the issue?

Since the approval of P323, the TC has identified an additional example of SBR provision that was not considered by the P323 Workgroup and therefore not covered in the BSC. That is, the TC was made aware that certain Gas Turbines (GTs) have their SEL set equal to their Maximum Export Limit (MEL). The TC issued a [clarification note](#) on 30 October 2015 to provide further explanation of the issue'.

In order to provide SBR services, these GTs ramp extremely quickly from zero to MEL. Therefore, these do not need to 'ramp up' to a SEL before delivering SBR services. Because these SBR providers do not exceed their SEL when providing SBR services, the C16 Statements and BSC prohibited related System Actions from being considered as SBR Actions and repriced equal to VoLL for imbalance pricing purposes.

The TC amended the BSAD and SMAF Methodology Statements, which the Authority has since approved, to ensure that System Actions related to this additional scenario where an SBR provider's SEL equals its MEL are also considered as SBR Actions. These changes add to the terms agreed under P323 and align with the original principle that an SBR Action relates to an SBR provider's output, excluding any 'ramping' activity.

As such, the BSC's SBR definitions are incomplete when compared to those in the BSAD and SMAF statements. To address this, the TC has raised Urgent Modification [P328](#) '[Clarifying BSC SBR definitions to align with the BSAD and SMAF Methodology Statements](#)'.

What is the SBR service?

The SBR makes available generation that would otherwise be unavailable in the market. This generation is held in reserve and only be used in the unlikely event that there is insufficient generation capacity available in the market to meet demand.

Proposed solution

The proposed solution is to amend the definitions of "SBR Action" and "SBR" to align with the changes to the BSAD and SMAF changes. This includes:

Section X Annex X-1: amend the definition of "Supplemental Balancing Reserve" or "SBR" to:

"Balancing Service that the Transmission Company procures from time to time which is targeted at generating plant that would otherwise be unavailable and is held in reserve to be used only in the event that there is insufficient generation capacity in the market to meet demand;"

Section X Annex X-2: amend the 'Definition/Explanatory Text' column for the "SBR Action" in Table X-2 'Terms and Expressions Applying Except in Relation to Section S' to:

"An Offer as determined in accordance with Section T3.16.1 where, for the purposes of the Code, the related Acceptance was taken by the Transmission Company to instruct the provision of output for SBR purposes (excluding system constraint management), where:

- (i) the Acceptance will result in the related BM Unit's output exceeding its Stable Export Limit (to the extent only that such Acceptance relates to output that exceeds the related BM Unit's Stable Export Limit); or
- (ii) the Acceptance relates to a BM Unit which has a Stable Export Limit that is equal to its Maximum Export Limit.

Any such Acceptance should not include output for non-SBR purposes."

The legal text changes to [BSC Section X Annexes X-1 and X-2](#) are provided in Attachment A.

Applicable BSC Objectives

The Proposer considers that P328 would better facilitate **Applicable BSC Objective (a) and (d)** as it would ensure that the BSC accurately reflects the desired approach to treatment of SBR in the imbalance calculation (i.e. as discussed during the P323 modification process) and that it also aligns with the approved changes to the C16 Licence Statements: BSAD and SMAF Methodology Statements.

Therefore, this Modification would better facilitate:

- Objective (a) as it will ensure consistency with the C16 statements in effect; and also
- Objective (d) as it will ensure that the BSC legal text accurately reflects the desired intent of BSC Modification P323.



What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

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4 Impacts & Costs

Central impacts and costs

This Modification will be a document-only change to update two annexes of the BSC. There are no system impacts and no impact on BSC Agents.

The central implementation costs will be approximately £240 (one ELEXON man day) to implement the relevant document changes.

Impact on Code	
Code Section	Potential Impact
Section X Annex X-1	Changes will be required to deliver this Modification.
Section X Annex X-2	<i>The proposed changes can be found in Attachment C</i>

Participant impacts and costs

This Modification is a Code-only change. It will not have a direct impact on any industry participants.

5 Implementation

Implementation Approach

The Panel recommend that this Modification is implemented one WD following Approval as part of a Standalone Release.

This Modification will make minor change to the SBR related definitions to align with the BSAD and SMAF Methodology Statements. This is the earliest release approach possible.

If treated as Urgent and notice received on the same day as the request, then this would be 13 November 2015. If not treated as Urgent but treated as Self-Governance, the earliest that this would be is 7 January 2016.

Panel's final recommendations

The Panel's unanimous view is that P328 **does** better facilitate **Applicable BSC Objective (a) and (d)** and therefore recommends that P323 should be **approved**. The views and recommendation reflect those expressed by the Proposer. It also recommended that P328 be progressed as an Urgent Modification; and should the Authority not grant Urgency, then it should progress directly to the Report Phase and determined under Self-Governance.

The Panel's discussions on P328 and its views against the Applicable BSC Objectives are detailed below.

Panel's views on Urgency

The Panel unanimously agreed with the Proposer's requested that P328 be treated as an Urgent Modification Proposal. It believes that there is a need to align the BSC as soon as possible as:

- P323 was implemented as part of the November 2015 BSC Release and the changes to the C16 Licence Statements are now in effect, there is a date related event.
- SBR could be dispatched, and the provisions introduced by P323 used, between now and end of February 2016, and therefore there is a risk that certain types of SBR dispatched generation plant could be incorrectly treated within cash-out following P323's implementation with potential wider impacts on other BSC Parties.

Panel's views against the Applicable BSC Objectives

The Panel considers that the relevant Applicable BSC Objectives are (a), (c) and (d), and unanimously considers P328 to be neutral against Applicable BSC Objectives (b), (e) and (f).

Applicable BSC Objective (a)

The Panel unanimously believes that P328 would better facilitate Applicable BSC Objective (a). Panel Members agreed with the Proposer that it will ensure consistency with the C16 statements in effect.

Applicable BSC Objective (c)

The Panel were split in its views on whether P328 facilitate Applicable BSC Objective (c).

Four Members believed that it would be beneficial against (c) as it will provide for appropriate prices to participants.

One Member believed that P328 would be detrimental against (c) as they did not think that it was appropriate that SBR Actions are priced at VoLL. This was in line with their views under P323.

Three Panel Members believe that P328 would be neutral against (c), as they felt that it did not apply.

Applicable BSC Objective (d)

The Panel unanimously believes that P328 would better facilitate Applicable BSC Objective (d). Panel Members agreed with the Proposer that it will ensure that the BSC legal text accurately reflects the desired intent of BSC Modification P323.

Panel's views on the Implementation Date

The Panel unanimously agreed that P328 is implemented one Working Day (WD) following Approval as part of a Standalone Release.

Panel's views on the draft legal text and CSD changes

The Panel unanimously agreed that the draft redlined changes to the BSC in Attachment A deliver the intention of P328.

Panel's views on progression under Self-Governance

The Panel unanimously agreed that should the Authority not grant Urgency, then P328 should be progressed directly to the Report Phase and determined under Self-Governance.

7 Recommendations

The BSC Panel recommends to the Authority:

- That P328 should be **approved**;
- The BSC legal text for P328; and
- That P328 should be treated as an **Urgent Modification Proposal**; and progressed in line with the Urgent progression timetable, subject to Authority approval.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronym	
Acronym	Definition
BM	Balancing Mechanism
BSAD	Balancing Services Adjustment Data
BSC	Balancing and Settlement Code (<i>Industry Code</i>)
GT	Gas Turbines
IWA	Initial Written Assessment
MEL	Maximum Export Limit
SBR	Supplemental Balancing Reserve
SEL	Stable Export Limit
SMAF	System Management Action Flagging
SO	System Operator
TC	Transmission Company
VoLL	Value of Lost of Load
WD	Working Day

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3	P323 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p323/
3	Transmission Licence: Standard Licence Conditions on the Ofgem website	https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions
3	BSAD Methodology Statement on the TC website	http://www2.nationalgrid.com/UK/Industry-information/Electricity-transmission-operational-data/Codes-principles-methodologies/Methodologies/
3	SMAF Methodology Statement on the TC website	http://www2.nationalgrid.com/UK/Industry-information/Electricity-transmission-operational-data/Codes-principles-methodologies/Methodologies/
4	TC clarification note	http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=43634

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External Links		
Page(s)	Description	URL
4	P328 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p328/
5	BSC Sections page on the ELEXON website	https://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/bsc-sections/