

Appendix F - Response Proforma

National Grid invites responses to this consultation by **25 February 2016**. The responses to the specific consultation questions (below) or any other aspect of this consultation can be provided by completing the following proforma.

Please return the completed proforma to balancingservices@nationalgrid.com

| | |
|---|----------------|
| Respondent: | Nicholas Rubin |
| Company Name: | ELEXON Ltd |
| Does this response contain confidential information? If yes, please specify. | No |

| No | Question | Response (Y/N) | Rationale |
|----|---|----------------|-----------|
| 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. | N/A | |
| 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. | N/A | |
| 3 | Do you have any other comments in relation to the changes proposed to the ABSVD? | N/A | |
| 4 | Do you agree that the changes proposed to the BSAD, shown in Table 2 have been implemented correctly to the Procurement Guidelines in Appendix B? If not, please provide rationale. | N/A | |

| No | Question | Response (Y/N) | Rationale |
|----|---|-------------------|-----------|
| 5 | Do you agree that the changes proposed to the BSAD, shown in Table 2 and in Appendix B, should be made? If not, please provide rationale. | N/A | |

| No | Question | Response (Y/N) | Rationale |
|----|---|-------------------|---|
| 6 | Do you have any other comments in relation to the changes proposed to the BSAD? | Y | <p>National Grid's consultation notes that whilst not on this occasion, it is considering future changes to the BSAD Methodology Statement that may require corresponding changes to the BSC.</p> <p>ELEXON, like National Grid, is preparing to deliver a considerable programme of system changes over the next 12 months. Because of the scale of this work programme and associated risks, we urge National Grid to work closely with ELEXON to help identify in a timely manner any interdependencies between future changes to the BSAD Methodology Statement and the BSC. As a rule, even if National Grid does not know the exact nature of change, it should liaise with ELEXON's Change Assessment team (bsc.change@elexon.co.uk) to highlight the risk and help identify the extent of any BSC change necessary.</p> <p>We also note that National Grid's consultation is running concurrent with issues raised with the BSC Panel by ENGIE about National Grid's reporting of BSAD to ELEXON. In particular, ENGIE has expressed concern that existing requirements and processes for reporting BSAD may not enable Indicative System Prices, calculated within 15 minutes of the end of a Settlement Period, to effectively reflect the costs of certain Balancing Services. ENGIE has proposed modifications to the BSC¹ that seek to clarify National Grid's requirements to report BSAD (and in particular DSBR and Non-BM STOR) to enable a more accurate calculation of Indicative System Prices. Given that the BSAD Methodology Statement specifies in more detail than the BSC what Balancing Services constitute BSAD and when National Grid reports these services, we envisage that the BSAD Methodology Statement will need changing in parallel with any approved changes to the BSC. For example, the BSAD Methodology Statement might need changing to make it clearer what Balancing Services National Grid reports at the times specified in BSC Section Q 6.3. Please note that we are already discussing these Modification Proposals with National Grid's Alex Haffner.</p> <p>Finally, consideration of the issue raised by ENGIE has increased interest in the detail of the BSAD Methodology Statement. We note that there may be other opportunities to improve the level of detail in the Statement to better define different Balancing Services and in particular specify how volumes and costs associated to these services should be calculated and reported. We would be happy to work with National Grid to share our thoughts. For example, it is unclear how National Grid determines the volume of Non-BM STOR to report. National Grid could make it explicit whether Non-BM STOR volumes are determined from the point at which the STOR provider starts ramping up (and therefore includes volumes for ramping) to the point the provider starts to ramp down? Or are Non-BM STOR volumes based on the point at which the provider reaches its MEL/exceeds SEL to the point when output falls below MEL or SEL?</p> |

¹ BSC Modifications '[P333 - Inclusion of DSBR volumes into the cashout price in time for publication after the end of the Settlement Period](#)', '[P334 - Inclusion of Non-BM STOR costs and volumes into the cashout price in time for publication after the end of the Settlement Period](#)' and '[P335 - Inclusion of Non-BM STOR costs and volumes in the indicative cashout price](#)'

| No | Question | Response (Y/N) | Rationale |
|----|---|-------------------|-----------|
| 7 | Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 3 have been implemented correctly to the Procurement Guidelines in Appendix C? If not, please provide rationale. | N/A | |
| 8 | Do you agree that the changes proposed to the Procurement Guidelines, shown in Table 3 and in Appendix C, should be made? If not, please provide rationale. | N/A | |
| 9 | Do you have any other comments in relation to the changes proposed to the Procurement Guidelines? | N/A | |
| 10 | Do you agree that the changes proposed to the SMAF, shown in Table 4 have been implemented correctly to the SMAF in Appendix D? If not, please provide rationale. | N/A | |
| 11 | Do you agree that the changes proposed to the SMAF, shown in Table 4 and in Appendix D, should be made? If not, please provide rationale. | N/A | |

| No | Question | Response (Y/N) | Rationale |
|----|---|-------------------|---|
| 12 | Do you have any other comments in relation to the changes proposed to the SMAF? | Y | <p>National Grid proposes to remove a requirement to produce an annual report covering the accuracy of SMAF. The purpose of the report is to provide assurance to market participants that National Grid accurately SO flags BOAs and minimises corrections to BOAs SO flag status, which can cause ELEXON to recalculate System Prices. The report estimates the level of accuracy that National Grid SO flagged BOAs and the potential impact on System Prices from erroneously flagging BOAs.</p> <p>ELEXON has in the past contributed to National Grid's assessment of the impact of erroneously flagging on System Prices. However we note that National Grid has not published the report on its website since the 2012/13 report and so it is unclear whether SMAF performance has improved, stayed the same or worsened.</p> <p>In light of recent changes to Imbalance Pricing arrangements (that potentially increase the impact of errors on Parties), BSC Parties and ELEXON have increased their focus on the quality and timeliness of data reporting by National Grid. We believe that National Grid should resume its SMAF accuracy reporting to provide assurance to Parties that System Prices are calculated in a timely and accurate manner.</p> <p>Also, ELEXON periodically reviews certain aspects of the Imbalance Pricing arrangements on behalf of the BSC Panel. This is to provide assurance to the Panel and BSC Parties and to ensure ELEXON update System Price calculation parameters where appropriate. We believe that there may be a case for incorporating National Grid's SMAF Accuracy Report into this periodic review cycle. That is, its inclusion would enhance visibility and consideration of the report's findings and contribute toward providing assurance that System Prices are calculated in a timely and accurate manner.</p> |
| 13 | Do you agree that the changes proposed to the BPS, shown in Table 5 have been implemented correctly to the BPS in Appendix E? If not, please provide rationale. | N/A | |
| 14 | Do you agree that the changes proposed to the BPS, shown in Table 5 and in Appendix E, should be made? If not, please provide rationale. | N/A | |
| 15 | Do you have any other comments in relation to the changes proposed to the BPS? | N/A | |