

**Phase**

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

## P380 'Revision to Replacement Reserve Bid Data submission deadline requirements'

Recent changes to the Replacement Reserve Implementation Framework (RRIF), specifically the Transmission System Operator (TSO) energy bid submission gate closure time for [Replacement Reserves](#) (RR), mean that National Grid as the GB Electricity System Operator (ESO) will not be able to be compliant with the Balancing and Settlement Code (BSC) obligations introduced under [Modification P344 'Project TERRE implementation into GB market arrangements'](#).

This Modification proposes to modify the P344 wording of BSC Section Q 'Balancing Mechanism Activities' to ensure ESO's continued compliance with the BSC and the RRIF.



The BSC Panel initially recommends **approval** of P380

This Modification is expected to impact:

- National Grid Electricity System Operator (ESO)
- ELEXON as the Balancing and Settlement Company (BSCCo)

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## About This Document

This is the P380 Draft Modification Report, which ELEXON will present to the BSC Panel at its meeting on 14 March 2019. It includes the responses received to the Report Phase Consultation on the Panel's initial recommendations, including a recommendation that P380 should be progressed as a Self-Governance Modification. The Panel will consider all responses, and will decide whether this change should be made.

There are three 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 draft redlined changes to the BSC for P380.
- Attachment B contains the full responses received to the Panel's Report Phase Consultation.
- Attachment C contains the P380 Proposal Form.

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### Why Change?

The wording of BSC Section Q 'Balancing Services Activities' Paragraph 6.1.11A, introduced by P344 'Project Trans European Replacement Reserves Exchange (TERRE)' at the time of the draft RRIF, is inconsistent with the final version of the RRIF which was formally approved by Ofgem on 18 December 2018.

### Solution

It is proposed that the P344 approved legal text of BSC Section Q Paragraph 6.1.11A is amended to state 'Not later than 40 minutes before the start of each Replacement Reserve Auction Period' in place of 'Not later than 15 minutes following Gate Closure for each Replacement Reserve Auction Period'. This will ensure that National Grid ESO is compliant with both the BSC and RRIF.

### Impacts & Costs

This is a document only change, with no impact on ELEXON Central Systems. P380 is expected to have a small impact on ELEXON and ESO. ELEXON estimates P380 will cost £240 to implement the document change. There are no impacts on other BSC Parties or market participants.

### Implementation Date

The Panel initially recommended an Implementation Date of 27 June 2019 as part of the June 2019 BSC Release.

### Panel's Initial Recommendations

The Panel **unanimously agreed** an initial recommendation that P380 would better facilitate Applicable BSC Objectives (a), (b), (d) and (e) and should therefore be **approved**. The Panel also unanimously agreed that P380 should be progressed as a **Self-Governance** Modification.

## 2 Why Change?

### Background

#### Project TERRE

Project TERRE is a balancing product implementation project, developed by a group of European Transmission System Operators (TSOs), including National Grid. It will fulfil incoming legal requirements on TSOs included in the European Electricity Balancing Guideline ([EB GL](#)). The EB GL requires those TSOs that use Replacement Reserve (RR) to implement and make operational a new European platform for the exchange of energy.

The central European RR platform (termed LIBRA) will be capable of gathering all the RR requirements from TSOs' local balancing markets and provide an optimised allocation of RR across TERRE participating TSO regions, meeting those TSOs' RR balancing energy needs.

As part of the design of European electricity balancing product TERRE, the Europe wide proposed implementation approach is contained in the RRIF. The Regulatory Authorities (for the GB market, Ofgem) for the TERRE participating regions reached agreement for the RRIF on 14 December 2018, and the proposal was formally approved by Ofgem on behalf of the GB market on 18<sup>th</sup> December 2018.

Across all Transmission System Operators (TSOs) involved in TERRE, the RRIF sets the TSO energy bid submission gate closure time for [Replacement Reserve](#) at 40 minutes prior to the start of the Replacement Reserve Auction Period (RRAP).

The TSO energy bid submission gate closure time obligation will be implemented through the GB TERRE implementation Modification [P344 'Project TERRE implementation into GB market arrangements'](#) and is outlined in [Balancing & Settlement Code \(BSC\) Section Q 'Balancing Services Activities'](#), paragraph 6.1.11A.

### What is the issue?

The wording, introduced into the BSC by P344 at the time of the draft RRIF, is inconsistent with the final version of the RRIF which was approved after the TERRE Modification (P344) was approved. The legal text for P344 was implemented on 28 February 2019 and Project TERRE is scheduled to go-live for use in GB system balancing in December 2019.

The approved and implemented changes to BSC Section Q under P344 require the data to be sent to the BMRA 15 minutes after Gate Closure, which is set at 60 minutes before the start of the RRAP during the initial 12 months of operation of the RR Platform, and 55 minutes thereafter. This equates to 45 minutes before the start of the RRAP for the first 12 months, and 40 minutes thereafter. The current approved legal text for P344, if implemented in its current form on the Implementation Date of 28 February 2019, for use on the operational go-live date of December 2019, would mean that National Grid ESO's IT systems would not be compliant with the RRIF.

Due to fair competition and the risk of insider trading, it would not be acceptable for the data to be made available on a GB specific platform before being made available on the European wide LIBRA platform, and so National Grid ESO would only be able to send the data to BMRA at the same time as LIBRA, 40 minutes before the start of the RRAP.



#### What are Replacement Reserves?

Replacement Reserves (RR) mean the active power reserves available to restore or support the required level of Frequency Restoration Reserves (FRR) to be prepared for additional system imbalances, including generation reserves. They are balancing energy products with a >15 minute lead time.



#### What is Gate Closure Time?

Gate Closure Time (GTC) in regards to a Settlement Period refers to the spot time one hour before the spot time at the start of that Settlement Period.



#### What is a Transmission System Operator?

An organisation responsible for operating and ensuring the maintenance of and, if necessary, developing the Transmission System in a given area and, where applicable, its interconnections with other systems, and for ensuring the long-term ability of the system to meet reasonable demands for the transmission of electricity.

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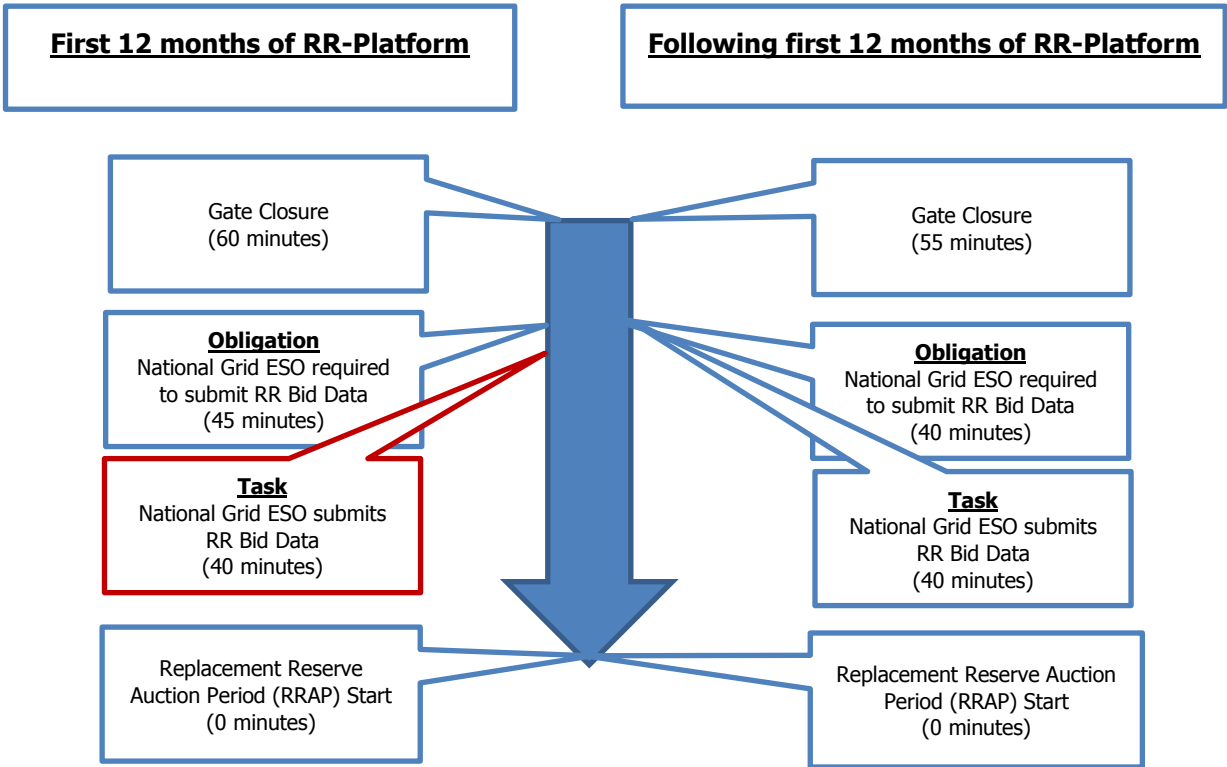
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Modification P344 introduced BSC obligations on National Grid ESO to send RR Bid Data to the [Balancing Mechanism Reporting Agent \(BMRA\)](#) at set times between Gate Closure and the start of a RRAP. These set times, as well as changes proposed by this Modification in red, are outlined below:





### 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 administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation
- (g) Compliance with the Transmission Losses Principle

## Proposed solution

The final version of the RRIF, which entered into force on 18 December 2018, requires that the RR Bid Data will be sent by National Grid ESO to BMRA 40 minutes before the start of the RRAP.

To avoid National Grid ESO being non-compliant with BSC Section Q during the initial 12 months, the wording of paragraph Q 6.1.11A needs to be revised. By amending the legal text to state '40 minutes before the start of each RRAP' instead of '15 minutes following Gate Closure', National Grid ESO will be able to comply with the RRIF.

This Modification will ensure that the current technical/system solution being developed by National Grid ESO to implement P344, which will send data to LIBRA and BMRA at the same time, is compliant with P344 during the first 12 months of operation of the RR Platform, as well as thereafter.

## Legal text

The draft legal text to implement P380 is set out in Attachment A.

The approved wording from P344 states in BSC Section Q, 6.1.11A;

*"Not later than 15 minutes following Gate Closure for each Replacement Reserve Auction Period, the NETSO shall send to the BMRA the Replacement Reserve Bid Data for each BM Unit for which it has received or determined such data."*

It is proposed that this wording is replaced as follows;

*"Not later than ~~15 minutes following Gate Closure for~~ 40 minutes before the start of each Replacement Reserve Auction Period, the NETSO shall send to the BMRA the Replacement Reserve Bid Data for each BM Unit for which it has received or determined such data."*

## Proposer views against Applicable BSC Objectives

### Applicable BSC Objective (a)

The Transmission Company has a license obligation to remain compliant with GB and European industry codes, including the BSC and RRIF. Failure to implement this Modification would result in the Transmission Company being non-compliant with these industry codes which could lead to enforcement action against the Transmission Company.

### Applicable BSC Objective (b)

The National Grid IT solution for implementing P344 has been designed to meet the RRIF. It has been identified that the BSC provisions don't align to the provisions outlined in the RRIF. If this Modification were not be approved, it would result in the non-compliance listed under Applicable BSC Objective (a) (and the associated costs of such enforcement action) or additional time and cost to revise the IT solution to ensure that it is compliant with the current BSC wording, potentially delaying implementation of the P344 solution. This Modification will ensure efficient operation of the National Electricity Transmission System (NETS) by not delaying the benefits of the P344 solution.

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### Applicable BSC Objective (d)

This Modification would ensure the BSC aligns to the RRIF, thus creating clarity for National Grid ESO.

### Applicable BSC Objective (e)

This Modification would have the same benefit as outlined for Applicable BSC Objective (a).

## Self-Governance

The Proposer believes P380 should progress under Self-Governance arrangements as the solution does not materially impact the Self-Governance Criteria.



### What is the Self-Governance Criteria?

A Modification that, if implemented:

(a) is unlikely to have a material effect on:  
(i) existing or future electricity consumers; and  
(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and  
(iii) the operation of the national electricity transmission system; and  
(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and  
(v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

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### Central implementation costs and impacts of P380

Changes will be required to implement the new legal text, but there will not be any impact on BSC Central Systems, as the Systems have already been designed in a manner to accommodate the amendments proposed under this Modification.

The central implementation costs for P380 will be approximately £240 (one ELEXON working day) to implement the document changes to Section Q of the BSC.

### Industry costs of P380

We do not anticipate there to be any market participant impacts or costs arising from the implementation of the solution to this Modification Proposal. There were no market participant costs identified during the P380 Report Phase Consultation.

### P380 impacts

#### Impact on BSC Parties and Party Agents

Party/Party Agent	Impact
-------------------	--------

No impacts identified. There were no market participant impacts identified during the P380 Report Phase Consultation.

#### Impact on Transmission Company

National Grid ESO's IT solution for implementing P344 has been designed to meet the RRIF. Therefore, aligning the BSC to the RRIF does not impact National Grid ESO systems, as the structure and format of the data are not changing. However, if this Modification is not implemented, National Grid would be non-compliant with BSC Section Q Paragraph 6.1.11A.

#### Impact on BSCCo

Area of ELEXON	Impact
----------------	--------

ELEXON will need to implement this Modification to ensure that National Grid ESO remains compliant with the BSC and RRIF.

#### Impact on BSC Systems and process

BSC System/Process	Impact
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No impact identified.

#### Impact on BSC Agent/service provider contractual arrangements

BSC Agent/service provider contract	Impact
-------------------------------------	--------

No impact identified.



#### Impact on Code

Code Section	Impact
BSC Section Q 'Balancing Services Activities'	Amending paragraph 6.1.11A to state '40 minutes before the start of each Replacement Reserve Auction Period (RRAP)' in place of '15 minutes following Gate Closure for each RRAP'.

#### Impact on a Significant Code Review (SCR) or other significant industry change projects

Ofgem confirmed that P380 should be treated as SCR exempt on 15 February 2019.

#### Impact on Consumers

No material or direct impacts on consumers have been identified.

#### Impact on Environment

We do not expect the solution to this Modification to materially impact the environment.

### Proposed Implementation Date

The Panel initially agreed an Implementation Date for P380 of:

- 27 June 2019, as part of the scheduled June 2019 BSC Release.

The implementation of this Modification must be no later than the operational go-live date of the TERRE balancing product (expected December 2019) to avoid a compliance breach by National Grid ESO. Including P380 in the next available scheduled Release will provide certainty in advance of TERRE go-live, that the P344 solution is not adversely affected and reflects the latest RRIF.

The P380 Initial Written Assessment was presented to the BSC Panel at its meeting on 14 February 2019 ([287/04](#)). The Panel provided its initial views on P380. The Panel unanimously agreed with all recommendations as set out in the IWA.

### P380 Progression

The Panel unanimously agreed that P380 should proceed **directly to Report Phase**. This was on the basis that the P380 requirements are clearly defined in the approved RRIF and the P380 solution is therefore self-evident and does not need to be assessed by a Workgroup.

### Panel's initial views against the Applicable BSC Objectives

The Panel Members provided their initial views against the Applicable BSC Objectives. The Panel **unanimously believed P380 better facilitated Applicable BSC Objectives** (a), (b), (d) and (e), for the reasons outlined by the Proposer in section three of this paper, and should therefore be approved.

### Panel's views on the draft legal text

The Panel **unanimously agreed** that the draft redlined changes to the BSC for the P380, outlined in Attachment A delivers the intention of P380.

### Panel's views on Self-Governance

The Panel **unanimously agreed that P380** should be progressed as Self-Governance as it has no material impact on the Self-Governance criteria. This is because the amendment to the Replacement Reserve Bid Data deadline is minor in nature with no significant impacts.

## 7 Report Phase Consultation Responses

This section summarises the responses to the Panel's Report Phase Consultation on its initial recommendations. You can find the full responses in Attachment B.

We received one consultation response, from National Grid ESO, who is the Proposer to this Modification. The P380 Report Phase Consultation was conducted over the period Monday 18 February 2019 to Monday 4 March 2019, with a reminder email circulated on Monday 25 February 2019. We do not believe the low number of responses to the consultation should impact the Panel's final decision. The solution to this Modification is self-evident in mitigating the risk of National Grid ESO non-compliance, which would materialise if this Modification were not implemented.

Summary of P380 Report Phase Consultation Responses				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the Panel's initial unanimous recommendation that P380 should be approved?	1	0	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intent of P380?	1	0	0	0
Do you agree with the Panel's recommended Implementation Date?	1	0	0	0
Do you have any further comments on P380?	0	1	0	0
Do you agree with the Panel's initial view that P380 should be treated as a Self-Governance Modification?	1	0	0	0

### Respondent's views

National Grid ESO agreed with and supports this Modification. It reiterated that P380 will better support the Applicable BSC Objectives by ensuring alignment between the BSC and Replacement Reserve Implementation Framework (RRIF) and so ensure the benefits of P344 are delivered whilst ensuring compliance. National Grid ESO's full justification against the Applicable BSC Objectives can be found in section three of this paper.

National Grid ESO agreed the proposed redlined changes to BSC Section Q Paragraph 6.1.11A would deliver the intention of the Modification Proposal. They further agreed with the Panel's recommended Implementation Date of 27 June 2019 (as part of the June 2019 BSC Release) as the proposal does not require any system changes, and is ahead of the TERRE go-live date.

Lastly, NGESO agreed that P380 should be treated as a Self-Governance Modification as the proposal does not materially impact the Self-Governance criteria.

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## 8 Recommendations

We invite the Panel to:

- **AGREE** that P380:
  - **DOES** better facilitate Applicable BSC Objective (a);
  - **DOES** better facilitate Applicable BSC Objective (b);
  - **DOES** better facilitate Applicable BSC Objective (d); and
  - **DOES** better facilitate Applicable BSC Objective (e);
- **DETERMINE** (in the absence of any Authority direction) that P380 is a Self-Governance Modification Proposal;
- **APPROVE** Modification P380;
- **APPROVE** an Implementation Date of
  - **27 June 2019** as part of the scheduled June 2019 BSC Release;
- **APPROVE** the draft legal text; and
- **APPROVE** the P380 Modification Report.

## Appendix 1: Glossary & References

### Acronyms

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

Acronym	
Acronym	Definition
BM	Balancing Mechanism
BMRA	Balancing Mechanism Reporting Agent
BSC	Balancing and Settlement Code
ESO	Electricity System Operator
FRR	Frequency Restoration Reserves
GCT	Gate Closure Time
NETS	National Electricity Transmission System
RR	Replacement Reserves
RRAP	Replacement Reserve Auction Period
RRIF	Replacement Reserve Implementation Framework
TERRE	Trans European Replacement Reserve Exchange
TSO	Transmission System Operator

### 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
1, 4	Replacement Reserves	<a href="https://www.emissions-euets.com/internal-electricity-market-glossary/424-frequency-containment-reserves-frequency-restoration-reserves-frr-replacement-reserves-rr">https://www.emissions-euets.com/internal-electricity-market-glossary/424-frequency-containment-reserves-frequency-restoration-reserves-frr-replacement-reserves-rr</a>
1, 4	P344 'Project TERRE'	<a href="https://www.elexon.co.uk/mod-proposal/p344/">https://www.elexon.co.uk/mod-proposal/p344/</a>
4	European Electricity Balancing Guideline (EB GL)	<a href="https://www.entsoe.eu/network_codes/eb/">https://www.entsoe.eu/network_codes/eb/</a>
4	BSC Section Q 'Balancing Services Activities'	<a href="https://www.elexon.co.uk/the-bsc/bsc-section-q-balancing-mechanism-activities/">https://www.elexon.co.uk/the-bsc/bsc-section-q-balancing-mechanism-activities/</a>
5	Balancing Mechanism Reporting Agent (BMRA)	<a href="https://www.elexon.co.uk/operations-settlement/bsc-central-services/balancing-mechanism-reporting-agent/">https://www.elexon.co.uk/operations-settlement/bsc-central-services/balancing-mechanism-reporting-agent/</a>

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External Links		
Page(s)	Description	URL
10	BSC Panel Meeting – 287	<a href="https://www.elexon.co.uk/meeting/bsc-panel-287/">https://www.elexon.co.uk/meeting/bsc-panel-287/</a>

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