

# Headline Report – Meeting 7 – Second Balancing Services Task Force

## Second Balancing Services Task Force

The Headline Report is produced after every Task Force meeting and aims to provide an overview of the key decisions made. A more comprehensive meeting summary will be published separately.

### Meeting Focus

The purpose of the meeting is to review the responses to the interim consultation and discuss next steps.

### Interim Report and Consultation

- The Task Force received 35 responses in total to its consultation on the interim report. The respondent base represented a broad cross section of industry, encompassing various views on the consultation. The key themes from the consultation responses were as follows:
  - i) The majority of responses indicated that they agreed with the Task Force's interim finding that Balancing Services Charges should sit with final demand.
  - ii) The majority of responses suggested that a Volumetric BSUoS charge would be preferable to a Banded BSUoS Charge
  - iii) Over 90% of the responses indicated that they believed that BSUoS should be an Ex-Ante charge
  - iv) There was broad support across industry that the charge should be fixed in advance, and that there should be an adequate notice period. The consultation responses did not present a majority view on what the length of these fixed charge and notice periods should be.
  - v) The vast majority of respondents agreed with the Task Force's interim finding that there should be a 2 year gap between Ofgem's response to the Task Force's final report and implementation of any changes to the BSUoS charging methodology to allow industry to adjust accordingly.
- The Task Force examined the responses by user category. A particular area of discussion and examination was around the impacts that any changes suggested in the interim report could have on Energy Intensive Users. Some consultation responses from members of this user group had indicated that changes to BSUoS could lead to instances of grid defection when considered in the round with other changes ongoing in industry. The Task Force recognised broader policy issues which may be impacting Energy Intensive Users.
- Task Force members also discussed the merits of banded charging and recognised that it was difficult for some users to indicate their preference without looking at some worked hypothetical examples of banded charges. The ESO will be taking this away ahead of the next meeting and will include some examples within the Task Force's final report.

### Task Force Timelines

- The Task Force will meet on 9 September 2020 to further discuss the consultation responses and move towards drafting its final report, taking into account the views of the respondents. There will also be a meeting to finalise the report on 17 September 2020, before submission to Ofgem by 30 September 2020.

- Elexon have been invited to attend the next meeting, to discuss potential implications on RCRC if the Task Force recommend a banded option, and also to discuss the relevance of BSC modification P375 to support the Task Force's discussions about the impact of behind the meter generation.

### Any Questions?

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