

Headline Report – Meeting 8 – 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 continue to discuss the input to the interim consultation. Elexon will be attending the meeting to discuss RCRC and P375. The meeting will also focus on example tariffs for BSUoS as prepared by the ESO.

Elexon – RCRC and Behind the Meter Generation questions

- During the previous meeting of the Task Force, Elexon were invited to attend the next meeting in order to discuss RCRC and P375, and the potential implications that this may have on the work of the Task Force. Elexon had previously advised in their response to the consultation that to some extent, RCRC may be seen as offsetting BSUoS, and it would be useful if the parties who were responsible to paying RCRC were also liable to pay BSUoS, and had asked the Task Force to consider whether changes from it work would be impactful to RCRC.
- It was agreed that the Task Force would take this into account, and would highlight in its final report that there may be need for consideration of this potential future issue by a BSC issues group.
- Behind the meter generation was also discussed in regards to BSC modification P375. Elexon advised that although P375 was not mandatory, current limitations of the definition of final demand should not limit the Task Force's recommendations on Deliverable 1.
- Some Task Force members were asked to develop and agree on a process diagram on how RCRC will work in future, so the Task Force can make a definite recommendation in its final report.

Task Force Considerations – Examples of Fixed Tariffs

- The ESO were actioned with producing examples of potential charges that users may face if BSUoS is fixed as part of the Task Force's recommendation. This data was based on indicative banding as of June 2020. These examples were also based on estimated TNUoS data, and published 2020/21 DUoS data.
- The Task Force also discussed the positives and negatives of fixed banding methodology which differs from Transmission Demand Residual Banding, as put forwards by a Task Force member. The pros and cons were considered in regards to reducing harmful distortions, fairness and practicality and proportionality.

Task Force considerations of other suggested methodologies and comments as part of the interim consultation

- The Task Force considered the consultation inputs to Q6 and Q11, which invited suggestions on how methodologies could be adapted, and also invited further comment on any issue.
- The inputs to Q6 broadly fell into 5 categories; i) Approaches to banding, ii) BSUoS and driving system behaviours, iii) EII concerns (i.e grid deflection, and possible hybrid approaches if a banding option were to be

selected), iv) behind the meter generation and v) recovery mechanisms. The Task Force recognise this inputs and will address them in the final report.

- The broad range of comments to Q11 will also be addressed in the final report where appropriate.

Task Force Final Report

- The Task Force reviewed on commented on a draft version of the final report. The ESO aim to produce a final version of the report for review ahead of the next meeting, before the report is submitted to Ofgem in September.
- The weighting of Pros and Cons for Deliverable 2 were also discussed, in terms of Fixed Volumetric charges vs banded charges, as per TDR. The Task Force agreed on these and ranked them on importance, for both positive and negative attributes.
- The Task Force suggested that an illustrative example of credit requirements for BSUoS moving forwards may be beneficial for the final report.

Any questions? Please contact chargingfutures@nationalgrideso.com