

06 July 2020

Dear Industry Colleague

I hope you are well in these challenging times. As the Electricity System Operator (ESO), we are committed to communicating regularly with our industry stakeholders and to working in partnership to manage the effects of the pandemic. Following the EBGL consultation for ODFM which closed on 19th June, and having reviewed the responses, ESO is to make several changes to the ODFM service terms to reflect the responses we received. These changes will be reflected in the proposal we will be submitting to Ofgem to amend the EBGL A18 T&Cs to include the ODFM terms. A decision to approve the A18 T&C (including the amendment to include the ODFM terms) has been published by Ofgem. Now approved the ODFM terms will be in the form of the updated documents published as below. These are now effective following approval but given the nature of the service (which is entered into on a weekly basis after the Provider Data Template submission deadline and the next submission deadline being Wednesday this week which will provide little time for providers to familiarise themselves with and take account of the changes and gather the additional data) the approved terms will effectively apply for the 3pm Provider Data Template submission due by the deadline on 15th July and so from the service delivery week commencing 17th July 23:00.

This document provides a high-level overview of these changes and the next steps with regards to action required from those who are actively participating in the service. The full updated documentation can be found via the link below.

<https://data.nationalgrideso.com/ancillary-services/optional-downward-flexibility-management-odfm1>

Overview of Service Developments Following Industry Feedback & Latest Published Documents

ODFM Service Terms v.3:

Following consistent feedback around ramp rates and the associated penalties ESO have made several amendments of the service terms to develop these areas to offer greater value to all parties. ESO believe that these changes offer greater accuracy of information provision and should therefore increase the efficiency of the ODFM service as well as encourage further participation.

Service Delivery 6.3. ESO have introduced a +/-10% delivery tolerance for all participating units. This has been introduced following feedback that the penalty structure was viewed as very challenging and offered no room for error on delivery. By introducing this threshold, it offers parties some flexibility on minor deviations without

impacting the entire instructions payment. This should encourage parties to continue to deliver the service should parties experience any minor delivery variation or metering errors.

Service Delivery 6.5 Ramping rates. ESO have added this new clause to expand on feedback we received around the need for enhanced clarity and processes associated with ramp rates. This section covers the following areas:

- Expectation around ramp rate parameters.
- Interaction between instruction/fall back instruction processing time. (This is a new parameter added to support enhancing the ramp rate topic.)
- Ramp Rate to include fall back instruction processing time in calculation. (see new Glossary defined term for Ramping Rates)
- Expectation around initiating change in output.

Service Payments 7.2 & 7.3. Most the feedback ESO received as part of the consultation was associated to the impact of deviating outside of the min and max ramp rates had on the payment of the instruction. Whilst the intention of this clause was to encourage parties to stick to their submitted parameters ESO recognise that it has had some unintended consequences. ESO have amended the service payment clauses to follow the below principles.

- Should parties exceed their fall back instruction processing time ESO may at its sole discretion withhold 50% of the service payment associated to the settlement periods from the start of the instruction until the required delivery volume is reached. Note, if a party then continues to deliver as per their contracted volume for the remainder of the instruction these periods will still receive the normal service fee. ESO believe this amendment still offers the correct incentive to deliver as per the submitted parameters but encourages those parties who do experience ramping issues the ability to still be paid for volume that can be delivered whilst penalising those periods which were affected by late/slow delivery.

Several parties sought for the Service end date to be aligned with GC00143. ESO agree with this and have amended clause 14.3 to change the service end date to 25th October 2020 with no extension clauses present.

[ODFM Glossary v.2](#): Ramping Rates definition updated.

ODFM Guidance Doc v.4:

Following learning and feedback from industry both the Provider Data Template and Settlement Data Templates have been updated that are referenced in this document. The details of these changes can be found below.

Within the Guidance document the following areas have been updated:

- Clarity regarding the interaction between Grid trade master Agreements and the ODFM Service.
- Confirmation that cumulative instruction processing and instruction/fall back processing information must be shared through the settlement data template post submission.

Provider Data Template v.4:

To amend the Ramp Rate payment implications ESO have added additional data requirements to enhance the accuracy of the eligible assets and how they deliver. Combining these data sets will offer a more comprehensive view of how the assets are delivering and reduce the need for parties to submit wide ramp rate envelopes to accommodate instruction processing time and ramping. This will enable our scheduling and utilisation of the service to be more accurate. This has been a key learning point for the ESO as the service was designed using assumptions as to how providers would ramp to deliver the service that have not held to be true.

- Adding further comments to the instructions tab/column headings offering support of how to complete the data template.
- “Delivery Profile” to identify how the Units MW’s are delivered.
- “Control System” field to flag what type of control systems the Contracted Unit is operating under. E.g. automated manual etc.
- “Instruction Processing Time” This field outlines under normal business processes how long a provider takes to process a unit’s instruction before ramping occurs.
- “Fall back Instruction Processing Time”. This field outlines what fall back processing time applies to the unit in the event the Service Provider’s initial initiation of such change in level of Output or Demand is prevented by failure of Plant and Equipment beyond the reasonable control of the Provider. Parties are then obligated to inform ESO of this as per the Guidance Document.
- Both above time options allow parties to split out their instruction processing time from the technical ramping parameters for the asset.
- “Cumulative Instruction Processing”. Many participants have flagged that control systems are less sophisticated under sites participating in ODFM and do not enable instructions to be pre-programmed and thus must manually action instructions one by one or attend in person. For

parties who have multiple units this has been flagged as something which is challenging to share with ESO as part of the submission and has typically been included in the ramp rate values. The order of instruction processing by the participant must then be shared through the settlement data template as per the Guidance Document.

Settlement Data Template v.2:

- Instruction page details updated to offer enhanced support on how to populate the document.
- Re-formatting the way in which data should be submitted following learning from the first Months collation of data across the market.
- Introduction of an “Instruction Processing” tab to share details regarding cumulatively instructed units and whether units met their instruction/fall back instruction processing times. This is a requirement as per the Guidance Document.

Actions/Next Steps:

Parties should familiarise themselves with the updated documentation published on the ESO data portal and when these changes will be effective from.

All parties participating in the ODFM service are required to submit a new “Provider Data Template v.4” (as per latest version on our website) for the submission deadline of Wednesday 15th July 3pm for delivery week 17th July 23:00.

This template has the relevant changes incorporated that have been covered in this document and the newly published service documentation. Whilst ESO recognise completing a new version of the template is a time-consuming task, the relevant changes that have been made offer additional benefit to all parties. We strongly recommend completing this as early as possible to leave adequate time for any queries to be resolved.

For any instructions starting 17th July 23:00 onwards, version 2 of the settlement data template must be used. This is also published on the ESO data portal.

Following review of the updated ODFM documents if you have any queries please do not hesitate to get in touch with your Account Manager or commercial.operation@nationalgrideso.com

Kind Regards

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