

Agenda

Meeting name CMP275 Workgroup- Meeting 3

Date of meeting 6 April 2017

Time 10.00- 15.00

Location National Grid House

Dial in: Phone: 0808 238 9819 Participant code: Part: 39623674#

Item	Topic	Lead
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1	Introduction and meeting objectives	JM
2	Review of Actions	CW
3	Run through updated service matrix	IT
4	Review of potential materiality of the defect	IT/UM
5	Consider the legal text changes required	IT/All
6	Potential alternatives	All
7	Questions to include in the Workgroup Consultation	All
8	Terms of Reference: considering the impact of wider strategic issues and Ofgem's Flexibility Call for Evidence	All
9	Agreement of approach for reviewing the Workgroup Consultation – meeting or t/conf	CW

Open Action Log:

Action No	WG meeting raised	Action Owner	Action	Progress	Due Date	Status
5	WG 1	IT	Confirm what the definition of "availability" should cover in the context of the defect raised under CMP275.	View at the WG2 meeting was that National Grid or SO are paying an availability fee for an asset to be used. Further confirmation on what services buy this may be covered via the update matrix table Cover under agenda item 3	06/04/17	Open
8	WG 1	UM/IT	Update the Service type matrix and add in any other services	Proposer will send over an updated version for circulation. Circulated but an update version requested, also consider if Intertrip should be separated out into the mandatory vs. aspects that may be captured under CMP275 Ensure that matrix covers when netting will apply Cover under agenda item 3	06/04/17	Open
10	WG 1	All	Consider what the intended or unintended consequences could be e.g. Company A can offer 2 services currently but chose now to only enter into 1 if CMP275 is implemented –what are the implications to that other service that now does not have capacity secured from Company A	This will be considered and developed during Workgroup discussions. Lost STOR revenue for CCGT/OCGT will be added to overall black start costs in renewal negotiations, increasing black start costs. Missing volume in STOR will be bought from next highest price in the stack, increasing STOR costs.	On-going	Open
11	WG 1	IT	How could future proofing work and present a strawman on the principles that could be applied and how Future services could be captured and consider how the legal text could be drafted to reflect this.	Proposer will look to go through some potential wording at WG meeting 3. Simple principle so that it could apply to future plant and services that could be provided by NG. WG noted that the table of services could be	On-going	Open

Action No	WG meeting raised	Action Owner	Action	Progress	Due Date	Status
				added into the CUSC along with a new defined term e.g. "Applicable Balancing Services" (could use the example from the Capacity Market rules). Note this may mean that legal text is need for Section 11 as well. Cover under agenda item 5		
12	WG 1	IT/AS	Consider the implications of the CLASS project. For example, where there is a single MPAN and two separate legal entities are providing separate services and getting paid for each of these separately. Would this be captured under the defect? How would netting work?	Proposer to provide an update at WG meeting 3. Not an issue as the defect does not currently exist for CLASS and FALCON projects – as far SO are concerned this is a balancing service and on a principle level this should be captured. But will keep open to further understand how the CLASS project will impact this Proposal. Cover under agenda item 3	06/04/17	Open
14	WG2	IT/AS	What would happen under CMP275 if the scenario that offer 2 services from a single asset but from 2 separate companies and what the implications may be for the Class Project? Link to action 12	Proposer to provide an update at WG meeting 3. Cover under agenda item 3	06/04/17	Open
15	WG2	AS	National Grid to confirm the contacted capacity on Black Start and is Black Start a station service versus an unit service.		06/04/17	Open
16	WG2	UM (AS/IT to provide the info	Provide the WG with the backing information to support the materiality impacts presented and National Grid to provide a view on how numbers could be calculated.	Cover under agenda item 4	06/04/17	Open

Action No	WG meeting raised	Action Owner	Action	Progress	Due Date	Status
		to collate)				
17	WG2	IT	Proposer to confirm if a BSC Modification needs to be raised?	Proposer to provide an update at WG meeting 3. Cover under agenda item 3	06/04/17	Open
18	WG2	IT/AS	Consider the transition arrangements and what the implications may be around withdrawing from a contract without incurring large termination costs. Confirm the lengths of Black Start contracts and whether these could be allowed to naturally 'run out'?	Proposer to provide an update at WG meeting 3. Cover under agenda item 3	06/04/17	Open
19	WG2	All	Consider the current wording and how the legal text could be amended (Ian's presentation included a draft starter for 10)		03/04/17	Open
20	WG2	AS	Confirm how Black Start is settled to the Generator and how paid e.g. frequency and £per Settlement Period		03/04/17	Open

Terms of Reference:

Specific areas	When addressed
a) Clarify which revenue streams are excluded from mutuality exclusive arrangement ensuring consideration includes the interaction between both the Balancing Mechanism (BM) and Balancing Services.	Covered via the services matrix

b) Demonstrate how this proposal will interact with the existing procurement of services ensuring that this did not lead to over procurement in the market.	Section to be added into the WG report.
c) Demonstrate how this modification does not discourage providers from tendering for services.	More detail required
d) Define the assets affected by the proposal.	Covered via the services matrix
e) Demonstrate that they have considered the impact of wider strategic issues being pursued by the industry in their proposal.	More detail required
f) Consider how this modification interacts with Ofgem's Flexibility Call for Evidence which is seeking ways to allow participants to access multiple revenue sources and EU Balancing Code.	More detail required
g) Clarify how the proposed changes to the CUSC would impact Distribution Networks.	High level more detail required
h) Ensure individual power stations are not identified within the report.	To be considered as part of the WG review
i) Define the practical implementation of the solution, so that it is defined for all industry participants i.e. National Grid who will run tenders for the Balancing Services and parties who would like to tender for a Service.	High level more detail required
j) Consideration of the future development of Balancing Services.	WG discussed transition arrangements at a high level but Proposer to provide more clarity (see action 18)

Workgroup proposed timetable

w/c 13 February 2017	Workgroup meeting 1
w/c 13 March 2017	Workgroup meeting 2
w/c 3 April 2017	Workgroup meeting 3
18 April 2017	Workgroup Consultation issued (15 days)
10 May 2017	Deadline for responses
w/c 15 May 2017	Workgroup meeting 4
w/c 5 June 2017	Workgroup meeting 5 (agree WACMs and Vote)
22 June 2017	Workgroup report issued to CUSC Panel
30 June 2017	CUSC Panel meeting to approve WG Report

Post Workgroup modification process

3 July 2017	Code Administrator Consultation issued (15 Working days)
24 July 2017	Deadline for responses
31 July 2017	Draft FMR published for industry comment (5 Working Days)
8 August 2017	Deadline for comments
17 August 2017	Draft FMR circulated to Panel
25 August 2017	Panel meeting for Panel recommendation vote
31 August 2017	FMR circulated for Panel comment (3 Working day)
5 September 2017	Deadline for Panel comment
8 September 2017	Final report sent to Authority for decision
13 October 2017	Indicative Authority Decision due (25 working days)
20 October 2017	Implementation date

Applicable CUSC Objectives:

Use of System Charging Methodology

(a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;

(b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);

(c) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses*;

(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc. Licence under Standard Condition C10, paragraph 1; and

(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).