

Codes Summary – March 2015

This document provides a summary as to latest developments concerning the various other Industry Codes. Further detailed information can be found at:

<http://www2.nationalgrid.com/uk/Industry-information/Electricity-codes/>

CUSC

CMP227 (Reduce the G:D split of TNUoS charges, for example to 15:85) is proposing to change the split of total TNUoS charges between generation and supply from the current 27:73 to a lower share of charges for generators, suggested to be 15:85, which corresponds with the approach modelled under Project TransMIT. The Workgroup met in October to discuss the responses to the Workgroup Consultation and have since had further meetings whilst some further analysis being carried out. The last meeting was held on 20 February 2015 and the Workgroup Report is due to be presented to the CUSC Panel in March 2015.

CMP235 / CMP236 Introduction of a new Relevant Interruption Type' and 'Clarification of when Disconnection Compensation payments can be expected under a Relevant Interruption seeks to amend the description of an Interruption to add this type of Emergency Deenergisation by a User as a Relevant Interruption. CMP236 seeks to clarify that where station supplies are disconnected solely by National Grid plant or apparatus and the effect of this is to lose the generating units' output, that this is a Relevant Interruption and that under the CUSC, Interruption payments can include these stations. CMP235 and CMP236 were presented to the CUSC Modifications Panel on 26 September 2014 and the Panel agreed that CMP237 should be amalgamated and developed by a Workgroup. The Workgroup have held 3 meetings and the Workgroup Consultation has been carried out. At the last meeting, the group discussed the consultation responses and discussed some further issues that were highlighted. It was agreed that another meeting is required prior to the Workgroup vote being held, this is taking place on 10 March 2015.

CMP237 Response Energy Payment for Low Fuel Cost Generation seeks to take into account the different financing approaches of generators with low or negative energy costs for those that receive additional financial incentives, by settling the Response Energy Payment at £0/MWh. CMP237 was presented to the CUSC Modifications Panel on 26 September 2014 and the Panel agreed that CMP237 should be developed by a Workgroup. The Workgroup Consultation has since been published and will report back to the February 2015 CUSC Panel. Another Workgroup meeting is being planned for March 2015.

CMP238 Application of Statement of Works process when a modification application is made. CMP238 proposes to allow a Distribution Network Operator (DNO) to choose to directly submit a Modification Application in respect of a developer connection without first engaging in the Statement of Works process, when the DNO is aware that the connection will have an impact on the Transmission System. The Code Administrator Consultation has been completed and will be reporting back to the January 2015 Panel for the Panel Recommendation Vote where the Panel unanimously agreed that it should be implemented. The Final Report has been sent to the Authority for a decision.

CMP239 Grandfathering Arrangements for Small Generator Discount. CMP239 seeks to implement 'grandfathering' arrangements in the CUSC from the expiry of Licence Condition C13 on 31 March 2016. The proposed arrangements would apply to those generators that currently receive the small generator discount and also to those generators that will connect by 31 March 2016 that would be eligible to receive the small generator discount. CMP239 was raised at the October 2014 CUSC Panel and it was agreed that a Workgroup was required to develop the proposal further. Two Workgroup meetings have been held and the Workgroup Consultation has been published. The next Workgroup meeting is currently planned for week commencing 9 March 2015.

CMP240 Amending the Cancellation Charge liability within a CMP213 Judicial Review Period. CMP240 seeks to amend the Cancellation Charge liability where notice is given within one Financial Year to disconnect/reduce Transmission Entry Capacity (TEC) effective at the start of the following Financial Year where that notice is given within a 'CMP213 Judicial Review Period' and the following Financial Year is the Financial Year in which CMP213 is directed by the Authority to take effect. It was presented to the CUSC Panel in November 2014 where it was agreed by majority to progress straight to Code Administrator Consultation. The CUSC Panel voted that CMP240 better facilitates the Applicable CUSC Objectives at their meeting in February and the Final Report was sent to the Authority in February. The Authority approved CMP240 on 26 February 2015 with an implementation date of 12 March 2015.

BSC

P272 – seeks to make HH settlement mandatory of all metering systems in Profile Classes 5-8 (i.e. SME and light industry). In light of recent concerns raised by two suppliers of the impacts of moving to HH settlement for these customers, e.g. on DUoS and TNUoS charging and other consequential changes, we issued a consultation seeking views on revising the implementation date to 1 April 2016. Responses will be presented to the BSC Panel on 12 March. Additionally, a Panel sub-committee (the Performance Assurance Board (PAB)) is reviewing suppliers' migration plans and ELEXON are working closely with suppliers, Distributions Businesses and National Grid to ensure a smooth implementation. The Panel noted National Grid's plans to scale HH and NHH supplier volumes to ensure accurate TNUoS charges and CUSC modification CMP241.

P297 – seeks to align the BSC with proposed changes to the Dynamic Data Set, which are being made by National Grid as part of the development of the new Electricity Balancing Mechanism (EBS). P297 was approved by the Authority for implementation in November 2015. In light of delays to the implementation of the EBS and changes to the Dynamic Data Set, the Panel agreed a revised implementation date for P297. Subject to the Authority's approval, P297 will now be implemented in November 2016.

P305 and P316 – propose to implement the recommendations of Ofgem's Electricity Balancing Significant Code Review (EBSCR). Prior to publishing its last consultation on the modifications, the Panel considered that neither the proposed or alternative versions of P305 would better achieve the BSC Objectives, and only the alternative version of P316 would better achieve the BSC Objectives. The Report Phase Consultation closed on 3 March. Responses have been collated and published on the BSC Website. The Panel will make its final recommendations to the Authority at the Panel's next meeting on 12 March. A decision from the Authority is expected by the end of March to enable a November 2015 implementation of either P305 or P316.

Competition and Markets Authority (CMA) update

The Panel noted views on industry code governance in the CMA's recently published Updated Issues Statement. The statement highlighted that the CMA had heard concerns about how the industry code governance arrangements add complexity to participation in the market, which may act as a barrier to entry, innovation and change. Ofgem noted that Code Administrators were taking forward work on more effective change co-ordination and Panel members considered that more pro-active action could be taken by Ofgem to meet with Code Panels and discuss the issues and potential way forward.

Changes to BSC Panel Membership

Dick Brealey will step down from his role as Deputy Chairman and as an Independent Panel Member after the Panel's March meeting. In Dick's place, Derek Bunn will be appointed as a new Independent Panel Member and Phil Hare will become the new Deputy Chairman from 01 April 2015.

BSCCo Business Plan 2015/16 ELEXON received minor feedback on the proposed Business Plan for 2015/16. The Business Strategy was approved and the BSCCo Board will be asked to approve the associated budget at its March meeting.

SQSS

On-Going:

GSR008: Regional Variations and Wider Issues: This includes a number of proposed amendments such as: adjusted n-1-1 contingency requirements; the use of dynamic ratings; the assumed reactive power output of generation...etc... This modification was submitted to the Authority for a decision in October 2011. Due to the length of time this has been awaiting a decision from the Authority, they have advised that this may now need to be re-consulted upon. We are actively engaging with the Authority but are still awaiting their final conclusions.

GSR010: Review of Onshore Entry Criteria: This aims to revise the requirements for new onshore generation with different levels of connection security based upon the generation capacity and load factor. This modification is on-going. An industry consultation has been carried out and further views are being sought from the industry before a decision is made as to how best to proceed with this proposal.

GSR011: Review of Offshore Networks: This considers the offshore criteria for larger windfarms such as the Round 3 developments. At the August 2014 NETS SQSS Review Panel it was unanimously agreed that this modification is ready to be submitted to the Authority for a decision. GSR011 was formally submitted to the Authority on 18th August 2014. We are actively engaging with the Authority but are still awaiting their final conclusions.

GSR012: Interconnectors: This considers a consistent treatment of interconnectors when planning their local connections and their impact on wider infrastructure requirements. This modification is on-going and the working-group presented their initial conclusions with respect to local connections at the October 2014 NETS SQSS Review Panel. Further information with respect to wider infrastructure requirements is expected to follow in due course.

GSR014: Offshore Requirements at Onshore Substations: This considers the onshore substation requirements (one or two switch-bays) where offshore cables connect to the onshore network. At the August 2014 NETS SQSS Review Panel it was unanimously agreed that this modification is ready to be circulated for industry consultation. GSR014 was then formally released for industry consultation on Monday 13th October 2014 for a period of 25 working days. The industry consultation closed on Friday 14th November 2014 and five responses were received. These are currently being analysed and addressed and the Modification Report drafted. It is hoped that this shall be formally submitted to the Authority imminently.

GSR015: Normal Infeed Loss Risk: This proposes to reword the definitions of infeed loss risks and unacceptable frequency conditions to avoid increased costs being incurred to procure additional frequency response until additional risks arise. This modification was approved by the Authority on Wednesday 3rd December 2014 and the Ofgem Decision Letter is now available on our website. However, for these changes to take effect Ofgem will need to modify the electricity transmission licenses so that they refer to the new version of the NETS SQSS. Since GSR015 is not considered to be time-critical this has not yet been done. Ofgem will do this at an appropriate stage in the future.

GSR016: Application of Scaling Factors and the Inclusion of Embedded Wind in NETS SQSS Chapter 4 Studies: This aims to determine more realistic dispatch levels for generation, including embedded generation, in local and wider system capability studies. The working-group presented its initial conclusions to the NETS SQSS Review Panel in June

2014. The working-group aims to bring their final report and an initial industry consultation document to the April 2015 NETS SQSS Review Panel.

GSR017: Treatment of Switch Faults in Operational Timescales: This is reviewing the risk of switch faults and determining the extent to which switch faults should be secured against given the changing mix of generation and reductions in system strength. The working-group continues to liaise with National Grid's Market Operation function over the appropriate NETS SQSS text revision.

GSR018: Sub-Synchronous Oscillations (SSO): The NETS SQSS Review Panel agreed to progress work to develop and clarify the transmission licensees' responsibilities with respect to sub-synchronous oscillation issues. The first working-group meeting occurred on 21st July 2014 and the working-group is now tasked with providing proposals to discuss at subsequent meetings. It should be noted that at the request of the Grid Code Review Panel (GCRP) this NETS SQSS working-group has absorbed some actions and members from a previous Grid Code working-group also.

GSR019: Review of Chapter 7 Double Busbar Requirements: It has been suggested that current interpretation of the NETS SQSS mandates the use of a double busbar (or equivalent) arrangement for the first onshore substation for offshore transmission system connections. However, a Cost Benefit Analysis (CBA) performed by DONG Energy aims to demonstrate that this requirement is not the most economic and efficient solution for all offshore wind-farm connections. It has therefore been proposed that this interpretation within the NETS SQSS for the need to have double busbar substation arrangements is addressed and subject to NETS SQSS Review Panel assessment, this deterministic requirement be removed if no net benefit can be demonstrated for this configuration of switchgear when considering the specific characteristics of offshore generation connections. A working-group has been established that aims to present their initial conclusions at the April 2015 NETS SQSS Review Panel.

GSR020: Modification of Clause 7.8.1.1 to Allow Single Transformer Offshore Substations of Capacity Greater Than 90MW: This modification proposal was submitted by Siemens to the December 2014 NETS SQSS Review Panel. The decision was subsequently taken to establish a working-group to consider these issues further. This aims to incorporate as many offshore developers as possible. Working-Group Terms of Reference (WG ToR) are currently being drafted and it is hoped that a working-group shall be established soon.

Other:

Lack of Reactive Compensation Redundancy in Offshore Transmission Networks: This is a potentially forthcoming modification proposal with respect to the lack of reactive compensation redundancy in offshore transmission networks. Due to modern offshore power park modules moving further away from the shore and having longer AC connections, there is a greater risk that having only a single bank of shunt reactive compensation might cause operational limitations, especially if this shunt compensation is out of service. This issue continues to be further investigated by the Offshore Network Development Team within Network Strategy, as part of a connection request, and a modification proposal may be raised in the near future.

NETS SQSS Criteria for 220kV Transmission Assets: Traditionally, 220kV has not been a standard operating voltage on the GB onshore transmission system. However, the Kintyre-Hunterston subsea link currently under construction and due to be commissioned in 2015 will be the first 220kV installation on the GB network. Further 220kV installations are expected to follow, with a number of OFTOs preferring AC connections. The NETS SQSS currently does not specify planning or operational criteria for onshore transmission system assets operated at 220kV. This modification proposal therefore intends to review the current version of the NETS SQSS and proposes to include 220kV in the planning and operational criteria of the onshore transmission system. This modification proposal was initially raised at the February 2015 NETS SQSS Review Panel with the intention of going straight out to industry consultation. To facilitate this, the NETS SQSS Review Panel requested a detailed impact

assessment be conducted. This shall be presented to the April 2015 NETS SQSS Review Panel, after which a decision shall be made.

Operational Forum

The latest Operational Forum was held on 15 October 2014. The areas covered were:

- Operational and System Cost Update and BSUoS Forecasting
- System Operator Incentives
- Winter Outlook
- Embedded Generation Behaviours and Customer Demand Management
- Tender Procurement update
- Demand Side Balancing Reserve and Supplemental Balancing Reserve Update
- Short Term Operating Reserve Runway
- Short Term Operating Reserve Outline Change Proposal

The presentations from the event are available [here](#). The next meeting is planned for 18 March 2015.