

Codes Summary – November 2016

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

CMP250 'Stabilising BSUoS with at least a twelve month notice period': CMP250 aims to eliminate BSUoS volatility and unpredictability by proposing to fix the value of BSUoS over the course of a season, with a notice period for fixing this value being at least 12 months ahead of the charging season. The panel have agreed an extension until January 2017. Funding requirements for external analysis to be agreed.

CMP261 'Ensuring the TNUoS paid by Generators in GB in Charging Year 2015/16 is in compliance with the €2.5/MWh annual average limit set in EU Regulation 838/2010 Part B (3)': CMP261 aims to ensure that there is an ex post reconciliation of the TNUoS paid by GB generators during charging year 2015/16 which will take place in Spring 2016 with any amount in excess of the €2.5/MWh upper limit being paid back, via a negative generator residual levied on all GB generators who have paid TNUoS during the period 1 April 2015 to 31 March 2016 inclusive.

The Panel reviewed the workgroup report reviewed in the CUSC panel held on 25 October 2016. The Code Admin Consultation has been issued with a deadline of 16 November 2016. The next stage in Code Administration is the Panel vote planned for the 25 November 2016.

CMP264 'Embedded Generation Triad Avoidance Standstill': CMP264 raised by Scottish Power seeks changes to the Transport and Tariff Model and billing arrangements to remove the netting of output from New Embedded Generators until Ofgem has completed its consideration of the current electricity transmission Charging Arrangements (and any review which ensues) and any resulting changes have been fully implemented.

The Workgroup report was reviewed by Panel 25 October 2016 with the Code Administration Consultation issued with a deadline for responses by 4 November 2016. The scheduled Panel vote is on the 23 November 2016.

CMP265 'Gross charging of TNUoS for HH demand where embedded generation is in Capacity Market': CMP265 raised by EDF Energy aims to address the issue that half hourly metered (HH) demand for TNUoS purposes is currently charged net of embedded generation. Urgency status was requested by not granted. The Workgroup is currently formulating the Workgroup Consultation in accelerated timescales.

The Workgroup report was reviewed by Panel 25 October 2016 with the Code Administration Consultation issued with a deadline for responses by 4 November 2016. The scheduled Panel vote is on the 23 November 2016.

CMP266 'Removal of Demand TNUoS charging as a barrier to future elective Half Hourly settlement.': CMP266 was proposed by National Grid and aims to prevent double charging of TNUoS for a meter electing to be HH settled, all demand within Measurement Class F & G will be charged under the TNUoS NHH methodology from April 2017 up until HH settlement is mandatory for all consumers.

The Workgroup report was reviewed by Panel 28 October 2016 with the Code Administration Consultation issued with a deadline of 15 November 2016. The scheduled panel vote is planned for 25 November 2016.

CMP267 'Defer the recovery of BSUoS costs, after they have exceeded £30m, arising from any Income Adjusting Events raised in a given charging year, over the subsequent two charging years'

CMP267 aims to defer any unforeseen increases in BSUoS cost arising from an Income Adjusting Event (IAE) by two years when those unforeseen costs exceeds £30m in a charging year.

The workgroup report was reviewed by the panel on 18 October. The draft FMR was published on 2 November 2016 with a deadline of the 4 November. The scheduled panel vote will take place during the special CUSC panel on 15 November.

CMP268 Recognition of sharing by Conventional Carbon plant of Not-Shared Year-Round circuits

CMP268 aims to change the charging methodology to more appropriately recognise that the different types of "Conventional" generation do cause different transmission network investment costs, which should be reflected in the TNUoS charges that the different types of "Conventional" generation pays. The change to the charging methodology would take the form that for generators which are classed as Conventional Carbon, the generator's ALF should be applied to both its Not-Shared Year-Round as well as its Shared Year-Round tariff elements.

The Workgroup report was reviewed by Panel 18 October 2016. The Code Administration Consultation was issued with a deadline 3 November 2016. The panel are scheduled to vote on 15 November 2016.

CMP269 'Potential consequential changes to the CUSC as a result of CMP264'.

CMP269 aims for the CMP264 Workgroup to address a number of consequential changes required to non-charging sections of the CUSC to reflect the CMP264 Proposal or any alternative proposals agreed by the CMP264 Workgroup.

The Panel reviewed the proposal and recommended that it should be developed by the existing CMP264 Workgroup working towards an aligned timetable without the requirement for a Workgroup Consultation. As per CMP264.

CMP270 'Potential consequential changes to the CUSC as a result of CMP265'.

CMP270 aims for the CMP265 Workgroup to address a number of consequential changes required to non-charging sections of the CUSC to reflect the CMP265 Proposal or any alternative proposals agreed by the CMP265 Workgroup.

The Panel reviewed the proposal and recommended that it should be developed by the existing CMP265 Workgroup working towards an aligned timetable without the requirement for a Workgroup Consultation. As per CMP265.

CMP271 Improving the cost reflectivity of demand transmission charges

The first meeting is due 1 November 2016.

CMP272 Aligning Condition C5 of the CUSC to changes introduced by the Code Governance Review Phase 3.

To be discussed at CUSC Panel.

CMP274 Winter TNUoS Time of Use Tariff (TToUT) for Demand TNUoS

The first meeting is due 1 November 2016.

STC

CM057 'Proposal to amend Section D: Planning Co-ordination of the STC to reflect the changes due to the implementation of the Integrated Transmission Planning and Regulation (ITPR) project': granted self-modification status.

CM058 'Amendment of Schedule 3 to reflect the changes introduced by Integrated Transmission Planning and Regulation (ITPR), namely the introduction of the Network Options Assessment': granted self-modification status.

SQSS:

GSR012: Interconnectors: This considers a consistent treatment of interconnectors throughout the NETS SQSS when planning their local connections and their impact on wider infrastructure requirements. The working-group is due to present their working-group report will be submitted to the December 2016 NETS SQSS Review Panel.

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 2015 NETS SQSS Review Panel it was unanimously agreed that this modification is ready to be submitted to the Authority for a decision. The modification report is currently being finalised and shall be submitted to the Authority thereafter.

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 NETS SQSS Review Panel is coming under increased pressure to conclude this modification. As a consequence this may now be wrapped up with a new piece of work concerning the Security and Economy Planned Transfer Conditions as detailed below. *An updated Terms of Reference for this modification was approved at the August SQSS 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. At the February 2016 NETS SQSS Review Panel, it was agreed that GSR017 could be closed if National Grid, as proposer, confirm that the modification is not required at this time. *Further to the Authority's decision on GSR008 it referred to ongoing work on this modification. A timetable for this work to re start will be circulated to the Panel in late 2016.*

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. A working-group report has been approved and consulted upon. The working-group is due to present their modification report to the NETS SQSS Review Panel soon. Once approved, this shall be submitted to the Authority. The Final Modification Report has been circulated to the Grid Code and SQSS Panel for their final comments and the Final Modification Report was submitted to the Authority in August.

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. The working-group presented their workgroup report at the October NETS SQSS Review Panel where it was decided further discussions offline needed to take place ahead of an update being given at the next meeting.

GSR022: Design of Main Interconnected Transmission System (MITS): It is proposed to review the assumptions used to set power system transfer conditions for design of the MITS. These conditions are covered in Chapter 4 of the NETS SQSS and are referred to as the "Security Planned Transfer Condition" and the "Economy Planned Transfer Condition". For the 2015 Future Energy Scenarios (FES), lower levels of thermal generation capacity in later years cause the "Security Planned Transfer Condition" to break down. Additionally, it is agreed that the scaling of different types of generation and external system connections in the application of the "Economy Planned Transfer Condition" should be reviewed. Reviewing the two conditions will ensure that their use continues to identify accurately the future need for transmission infrastructure reinforcement. A working-group will shortly be established. The Terms of Reference for this modification were agreed at the August SQSS Panel meeting, the initial workgroup meeting will be held in late September/October. Should you wish to become a workgroup member please email .box.sqss@nationalgrid.com.

Concluded:

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. The Authority has approved this modification. GSR008 will be implemented with GSR011 and GSR015 once the Electricity Transmission Licence has been updated to refer to the new version of the SQSS. The decision can be found at the following link:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/SQSS/Modifications/GSR008/>

GSR011: Review of Offshore Networks: This considers the offshore criteria for larger wind farms such as the Round 3 developments. This modification was submitted to the Authority for a decision in August 2014. We are actively engaging with the Authority and expect the publication of their decision soon. GSR011 will be implemented with GSR008 and GSR015 once the Electricity Transmission Licence has been updated to refer to the new version of the SQSS. The decision letter can be found at the following link:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/SQSS/Modifications/GSR011/>

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 in 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, such as when further modifications are approved. GSR015 will be implemented with GSR008 and GSR011 once the Electricity Transmission Licence has been updated to refer to the new version of the SQSS.

Closed:

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. Following an inconclusive industry consultation, a guidance note with suggested approaches has been produced. This guidance note was

approved at the April 2015 NETS SQSS Review Panel and formally replaces any official submission to the Authority to request a change to the NETS SQSS. GSR010 is therefore now considered as concluded and closed.

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. A working-group was subsequently established that has recently concluded that no change to the NETS SQSS is required; rather a simple clarification of the relevant clauses and definitions is needed. This has been addressed via an open letter to the industry that was published in November 2015. GSR020 is therefore now considered as concluded and closed.

Rejected:

GSR021: NETS SQSS Criteria for 220kV Transmission Assets: Traditionally, 220kV has not been a standard operating voltage on the GB onshore transmission system. However, the KintyreHunterston subsea link currently under construction and due to be commissioned in 2015 will be the first 220kV installation on the GB network. 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. A working group report has been approved and consulted upon. A modification report has subsequently received NETS SQSS Review Panel approval and was submitted to the Authority for a decision on 23 December 2015. **The Authority has rejected this modification. The decision letter can be found at the following link:** <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/SQSS/Modifications/GSR021/>

BSC

Update to follow.

Operational Forum

National Grid's latest Operational Forum was held on the 19th October 2016 and topics consisted of the National Grid winter outlook 2016, an EBS update and a Long Notice Supplemental Balancing Reserve (SBR) among other things. The next meeting will be held in 2017 the date still to be advised. Information and slides are published on our website at the link below:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-transmission-system-operations/Electricity-Operational-Forum/>