

Codes Summary – January 2017

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

CMP237 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.

Approved by Panel due to be implemented within the CUSC 1 February 2017

CMP250 ‘Stabilising BSUoS with at least a twelve month notice period’:

Workgroup behind schedule – extension to March 2017 Panel granted at November 2016 Panel meeting due to query regarding funding for external consultation

CMP251 aims to ensure that there is no risk of non-compliance with European Regulation 838/2010 by removing the error margin introduced by CMP224 and by introducing a new charging element to the calculation of TNUoS.

Awaiting industry decision.

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)’:

Awaiting industry decision.

CMP262 aims to create a new cost recovery mechanism, a “Demand Security Charge” specifically for recovery of all SBR/DSBR costs, which is only levied on demand side Balancing Mechanism Units (BMUs).

The Authority have rejected this modification, please see the link to the decision letter here; <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP262/>

CMP264 ‘Embedded Generation Triad Avoidance Standstill’:

The Panel discussed the proposed timetable for this modification and agreed to request the Workgroup to progress to a shortened timetable.

At the June CUSC Panel the Workgroup requested and were granted approval of suggested amendments to the Terms of Reference.

As both modifications are being progressed together by one Workgroup, a joint update was provided to the Panel. These modifications were not on track and additional meetings had been required to develop them further. At the teleconference on 28 July 2016, 400 comments had been made to the Workgroup Report. The Panel recognised the volume of effort required to progress both modifications and approved a one month extension for the Workgroup Report to be presented back at the September Panel meeting

although they also noted that a further extension may be requested in the future.

Summary relevant to CMP264/CMP265/CMP269 CMP270. Workgroup consultation closed with 45 responses received. 23 options developed. Timetable noted to be tight but achievable although the Panel noted that an extension to the timetable may be requested in the future.

Workgroup Report presented to the Panel and is currently out at Code Administrator Consultation. It is on track to be submitted to the Authority on time.

Panel voted on mods at November Panel meeting – submitted to the Authority

CMP265 ‘Gross charging of TNUoS for HH demand where embedded generation is in Capacity Market’:

The Proposer requested that CMP265 is considered as Urgent.

The Panel agreed by majority that CMP265 should not be considered as Urgent and should be developed by a Workgroup. The Panel understood the Proposers reasoning for requesting urgency and agreed to request the Workgroup to progress to a shortened timetable. The Panel’s request not to accept urgency will be submitted to the Authority and will be awaiting their response.

At the June CUSC Panel the Workgroup requested and were granted approval of suggested amendments to the Terms of Reference.

See CMP264.

CMP266 ‘Removal of Demand TNUoS charging as a barrier to future elective Half Hourly settlement.’

Implemented on the 22nd December 2016.; please see the link to the decision letter. <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP266/>

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’

The Authority made a decision on this modification; please see the link to the decision letter. <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP267/>

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

The Authority has sent this report back to the workgroup and the next meeting will take place on 16th January 2017.

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

CMP269 was presented at the CUSC Panel meeting on 26 August 2016. The CUSC Panel agreed by majority the modification should be developed by a Workgroup following a standard timetable with the CMP264 / CMP265 Workgroup.

See CMP264

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

CMP270 was presented at the CUSC Panel meeting on 26 August 2016. The CUSC Panel agreed by majority the modification should be developed by a Workgroup following a standard timetable with the CMP264/CMP265 Workgroup.

See CMP264

CMP271 Improving the cost reflectivity of demand transmission charges

CMP271 was presented at the CUSC Panel meeting on 30 September 2016. The CUSC Panel agreed by majority the modification should be developed by a Workgroup following a standard timetable aligned to CMP274.

At the CUSC Panel meeting on 25 October 2016 the Panel discussed the application of 3 businesses who wished to participate in the modification but are not CUSC parties. The Panel agreed to admit them to the Workgroup as Workgroup members if the Code Administrator could manage the meeting size. The Code Administrator confirmed it was happy so they were admitted.

At the CUSC Panel on 25 November the Panel approved these changes to the TOR and agreed that both mods should be consolidated as one Workgroup report and run as one process and then be separated if necessary. External consultation will be required for these modifications and would require agreement on how these would be funded. The Workgroup will carry out its first consultation into a workshop instead and possibly use TCMF to gather views.

Next workgroup meeting is on the 13th January 2017 with a pre-call on the 6th January.

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

CMP274 was presented at the CUSC Panel meeting on 30 September 2016. The CUSC Panel agreed by majority the modification should be developed by a Workgroup following a standard timetable along with CMP271.

See CMP271.

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.

CMFT060: Aligning Section B 'Governance' of the STC to changes introduced by the Code Governance Review Phase 2: granted self-modification status.

CM062: Aligning Condition B12 of the STC to the license changes introduced by the Code Governance Review Phase 3: 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.

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 workgroup phase has now begun.

BSC

P342: Change to Gate Closure for Energy Contract Volume Notifications.

P342 was raised by EDF Energy, and would introduce a new deadline for the purpose of submitting Energy Contract Volume Notifications (ECNVs) and Metered Volume Reallocation Notifications (MVRNs) for each Settlement Period. This new contract notification deadline would be decoupled from Gate Closure, and would be set 60 minutes after the start of the relevant Settlement Period for the Proposed Modification, or at the start of the relevant Settlement Period for the Alternative Modification. On 8 December the BSC Panel recommended that the Alternative Proposal be implemented and the Original Modification be rejected. P342 is now with Ofgem for a decision.

P344: Project TERRE implementation into GB market arrangements.

P344 was raised by National Grid, and proposes to align the BSC with the requirements of the Trans European Replacement Reserves Exchange (Project TERRE). This is in order to allow the implementation of the project at national level and be compliant with the first tranche of obligation in the European Network Codes. The Workgroup has been holding meetings every fortnight in order to clarify the required solution, and intends to consult market

participants on the proposed solution in February. A second consultation is planned for May, and the Assessment Report will be presented to the Panel on 13 July.

European Interface Document. The BSC Panel responded to National Grid's request for comments on its proposal to introduce a European Interface Document. The Panel did not support the introduction of a new industry code. They felt that it could make it harder for parties to understand requirements in the round and it was not clear whether the introduction of an EID, with separate governance distinct from existing GB codes, would help or hinder co-ordination across codes. The Panel also believed that the development and implementation of an EID might distract from the programme management and co-ordination of current activity that was needed to successfully develop and implement the EU code requirements in GB.

Review of Metering Dispensations and non-standard BMUs. The BSC Panel asked ELEXON to complete a review of all Metering Dispensations and non-standard BMUs to identify whether there are opportunities to improve the BSC, BSCPs and CoPs. On 5 December 2016 ELEXON published a consultation seeking views on its initial observations and recommendations, with responses due by 6 January 2017. The results of the consultation will be considered by the BSC Panel on 9 March.

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/>