

Codes Summary - April 2011

This document provides a summary as to latest developments concerning the various other Industry Codes. Further detailed information can be found at <http://www.nationalgrid.com/uk/Electricity/Codes/>

CUSC

CAP189 (Standard Gas Insulated Switchgear Ownership Boundaries) - National Grid raised CAP189 in July 2010 following the findings of the joint Grid Code/CUSC Gas Insulated Switchgear Working Group. It seeks to codify two standard ownership boundaries for GIS substations, with a sub-option for a party to build the assets then transfer ownership to the majority site owner. CAP189 was discussed at the July Panel meeting and sent to a Working Group which held its first meeting on 28th September 2010. Potential retrospective application of the new standard ownership boundaries was discussed by the Working Group; The legal text has been drafted and a Workgroup meeting took place on 14th February 2011. **The Workgroup consultation was issued on 18th March and closed on 8th April 2011. The Workgroup held a meeting on 14th April 2011.**

CAP190 (Two-Thirds Majority Voting requirement for CUSC Panel recommendations on Amendments arising from Licence obligations, Authority requests or obligations) - CAP190 proposes that, when the Amendments Panel votes on its final recommendation for an Amendment Proposal which the Licensee has been directed, obliged or required to raise by the Authority, a two-thirds majority vote would be required to recommend approval. If the two-thirds majority is not reached by the Panel, the Amendment would be automatically recommended for rejection. A like-for-like proposal has been raised under the BSC (P264) and a similar proposal has also been raised under the UNC (0312). The CUSC proposal was presented at the Amendment's Panel on 3rd September where it was agreed to proceed to a Working Group. The first Working Group meeting was held on 23rd September 2010 where it was agreed that external legal advice would be sought regarding the interpretation of the relevant Statutory Instrument for Competition Commission appeals. The next Working Group was postponed until 27th October 2010 whilst a joint Legal Brief with Elexon was prepared for external legal advice. Advice was sought from a QC with a response sent to ELEXON and National Grid on 25th November. Further to receiving the advice, a joint Working Group teleconference was held on 10th December 2010 to discuss the advice and next steps. A meeting with the QC was then arranged for 17th December 2010 but cancelled due to unforeseen circumstances. It is due to be rearranged for early January 2011. A meeting with a QC took place on 21st January 2011 to discuss the legal advice. A joint Workgroup meeting with CAP190/P264 members was held on 26th January 2011 during which the Proposer requested to put CAP190 on hold pending investigation into changing the Statutory Instrument. The CUSC Modifications Panel agreed for CAP190 to be put on hold for one month pending advice received from DECC regarding further clarification for the Statutory Instrument. A letter was sent to DECC on 21st February 2011 in order to investigate the possibility of changing the Statutory Instrument, following legal advice received from the QC. The CUSC Panel was provided with an update on 25th February 2011 and a response is expected from DECC mid-March. **DECC response dated 16th March to the CAP190 Chair confirmed that they are unable to make a formal consideration at this stage, due to busy Parliamentary timetable, and have therefore asked the Workgroup to consider another approach. The CUSC Panel agreed for CAP190 to be placed on hold until CMP196 is being progressed. The CUSC Panel agreed a 4 month extension to CAP190.**

CAP191 (NETSO Consultation in relation to any potential changes to the CUSC which takes place in forums other than the CUSC Modifications Panel) – SSE raised CAP191 which proposes that a revision to the CUSC is required to ensure that signatories to the CUSC are consulted with, via the CUSC Modifications Panel, and have their views considered in relation to any potential changes to the CUSC which may occur as a result of activity or discussion which takes place in forums other than the CUSC Modifications Panel and its associated (CUSC) groups. In particular, any input and potential or likely changes in relation to the development of the European Network Codes, in which National Grid (NGET) participate under their remit as the National Electricity Transmission System Operator (NETSO) This Modification Proposal seeks to address this deficiency in the process and improve the openness and transparency of the GB input to the European Network Codes. It encourages effective engagement between the NETSO and GB stakeholders in relation to changes to the CUSC and ensures that those stakeholders who are liable to be materially affected by such changes have the opportunity to be heard via the CUSC Modification Panel (and any Standing Group, if established, and consultation(s), if undertaken, by the Panel and / or Standing Group). This Modification Proposal also seeks to address the issue raised, at the 31st January workshop, by National Grid, in respect of the development of the European Network Codes, namely that (i) input is required from all stakeholders at an early stage; (ii) it is vital that any stakeholder concerns are understood at an early stage and (iii) stakeholders engagement will be crucial in helping produce coherent and viable European Network Codes. CAP191 was presented to CUSC Modifications Panel on 25 February 2011. The CUSC Modifications Panel

agreed for CMP191 to progress through a Workgroup and to present the Workgroup Report at the June 2011 CUSC. **Two joint Workgroup meetings combining of the CUSC/BSC and Grid Code have taken place.**

CMP192 (Arrangements for Enduring Generation for User Commitment) – CMP192 was raised by National Grid and seeks to add a new section to the CUSC defining the principles of User Commitment as they pertain to electricity Generators. This section will detail the methodology that will be used to determine individual Generators' liabilities and the level of securities required against these liabilities. As adding or removing generation from the system has an equal and opposite effect on the need for network capacity, it is clear that both pre and post-commissioning power stations affect decisions on new transmission investment. Whilst the cancellation of a pre-commissioning power station could affect local and wider investment decisions, the closure of a post-commissioning power station will only affect new wider investment decisions. Therefore it is proposed that the Generator User Commitment liabilities are calculated using two terms; 1), a Cancellation Amount for pre-commissioning power stations that takes account of transmission investment for local and wider works; and 2) a Closure Amount for post-commissioning power stations that takes account of the investment for wider works. National Grid is proposing eight main aspects that the enduring solution must take into account in determining the nature and level of Cancellation and Closure liabilities and the reasonable level of securities required against these liabilities:

1. Protecting the end consumer from undue risk
2. Minimum notice period required to alter TO investment before significant costs are incurred
3. Profile of TO investment costs
4. Likelihood of power stations either cancelling or closing
5. Total Value at Risk (VAR)
6. Level of transmission capacity sharing between power stations
7. Proportion of TO investment not at risk due to Connect & Manage regime
8. Level of transmission asset reuse

CMP192 was presented to CUSC Modifications Panel on 25 February 2011. The CUSC Modifications Panel agreed for CMP192 to progress through a Workgroup and to present the Workgroup Report at the July 2011 CUSC Modifications Panel meeting. **Three Workgroup meetings have taken place and CMP192 is progressing in line with the agreed timetable.**

Grid Code

The most recent meeting of the **Grid Code Review Panel** was held on 17th February 2011, with an extraordinary GCRP held on 31st March 2011. The next main GCRP will take place on 19th May 2011.

Consultation Documents

2010

A/10 (Generator Compliance) – The original Consultation was published in 2010 and a significant number of revisions made to the proposals as a result. **Consequently, a Further Consultation for A/10 was published in February 2011 which closed on 8th April 2011 with 10 responses which in general, supported the proposals in their new form.**

B/10 (Record of Inter-system Safety Precautions (RISSP)) - Consultation published on the 2nd February 2010, responses were requested by the 30th March 2010. Five responses have been received; a Report to the Authority is being written by National Grid for submission to the Authority.

C/10 (Electronic Dispatch Logging) - First Working Group meeting took place on the 20th August 2010 with a second on 29th March 2011. The group plans on submitting a Working Group report to the May GCRP.

D/10 (Frequency and Voltage Operating Range) - Consultation published on 4th August with a request for responses by the 2nd September 2010. National Grid are currently drafting the Report to the Authority.

2009

F/09 (Extension of OC2 obligations to include interconnector owners) - Consequential Grid Code amendments were required following the raising of BSC modification P243. Consultation was raised in late October and a final Report to the Authority was published on 11th December 2009. The Authority has approved F/09 and suggests that implementation is aligned with BSC modification P243.

Working Groups

Grid Code Requirement for Electronic Communication Facilities between NGET and BM Participants

A paper (C/10) was presented to the May 2010 GCRP panel meeting by NGET proposing changes to the Grid Code to clarify the requirement to install an automatic logging device at the User's Control Point. The Panel agreed for the issue to proceed to Working Group. The Working Group held its first and final meeting during August 2010 and has submitted its most recent findings to the February GCRP for discussion. **It is expected that the Working Group will submit a Working Group Report to the May 2011 GCRP.**

Grid Code Working Group on PNs from Intermittent Generation

The industry Working Group was established to determine the reporting arrangements for submission of Physical Notifications by Intermittent Generation technologies. The Working Group has looked at definitions and process to develop proposals to amend the Grid Code. The Working Group Report is to be submitted to the November 2010 Panel meeting. The GCRP agreed for a consultation to be published. **This is expected in July 2011.**

Frequency Response Working Group

The BSSG Working Group was established to assess the technical and commercial aspects of frequency response for current and future generation mix and new technologies. The working group is to assess the existing Grid Code obligations for appropriateness for the current environment. At the last Working Group meeting (15th Oct) it was proposed that a technical sub group was established to determine total system requirements for both inertia and response. The sub group held its first meeting on 15th November 2010 and aims to conclude their work by the end of Feb 2011. **A meeting to explore one of the three frequency response market options was held on 4th March 2011 and a further meeting to discuss options 2 and 3 will be held in May 2011.**

Reactive Power Working Group

The Working Group is expected to commence work in May 2011, after the conclusion of the Frequency Response joint Working Group.

Frequency & Voltage Operating Range

At the 21st November 2009 GCRP Panel it was agreed a review of Grid Code requirements for Grid Frequency and Voltage Variations should be undertaken as this can have a significant bearing on design of user's plant apparatus. The Objective of the Group was to discuss issues and proposals under scope of work and agree a way forward for possible modification to the Grid Code Connections Conditions on frequency and voltage variations.

National Grid published an industry Consultation in July 2010 which closed on the 2nd September. Five responses were received and a Final Report to the Authority is being produced.

Grid Code Signatories Consultation Working Group

At the February GCRP, a paper was raised proposing to obligate National Grid to consult with Grid Code parties about any developments within Europe regarding development of the European Network Codes (ENCs). Similar proposals were raised for the BSC and CUSC, and this will progress forward, initially, as a joint BSC, CUSC, Grid Code working group. **The first meeting for this group was held on 11th March 2011 with the fourth meeting scheduled for 20th May.**

Charging

GB ECM - 20: Charging for island connections

National Grid published a consultation on the charging arrangements for island connections on 27th November, 2009. The consultation deadline was extended from the 15th to the 29th January, 2010 to accommodate respondents. Responses were subsequently published on the website on 3rd February, 2010 and the conclusions report is currently being drafted. The report was being prepared to be sent to Ofgem although CAP188 (Charging into CUSC) implementation means that to further develop this proposal would need to raise a CUSC proposal. National Grid is considering how to feed initial conclusions in to discussions on TransmiT and will follow the formal CUSC route when TransmiT has concluded.

GB ECM - 25: Review of intermitted Generation Charging

National Grid published a consultation document on the 25th June 2010 outlining proposals to modify the charging methodology in order to facilitate associated changes to the current Security and Quality of Supply Standards (SQSS) to cater for the increased wind generation. On the 4th August responses to the Consultations were made available on the National Grid website. National Grid have considered the responses and have concluded that work on a intermittent only solution to network access charging is likely to be determined as discriminatory. National Grid is now carrying out further work to quantify the impact of varying use of the system for all kinds of plant and will be presenting analysis to the industry and seeking views on how the various determining variables can be efficiently incorporated in to the access and charging framework. Latest analysis covering all generation types was presented at TCMF in January, National Grid is considering how this can be fed into the TransmiT debate.

AMALGAMATED ELECTRICITY CODES AMENDMENT REPORT

As at 19th April 2011

This document contains the Amendment Registers for the CUSC, STC, Charging & Grid Code and is correct as of the above date.

The most up to date versions may be found at the following websites:

STC: www.nationalgrid.com/uk/Electricity/Codes/sotocode/

CUSC: <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/>

TCMF: <http://www.nationalgrid.com/uk/Electricity/Charges/modifications/>

Grid Code: www.nationalgrid.com/uk/Electricity/Codes/gridcode/reviewpanelinfo/

BSC Amendments can be found on the following website:

www.elxon.co.uk/changeimplementation/ModificationProcess/ModificationReports/default.aspx