

## Codes Summary - December 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 14<sup>th</sup> February 2011. The Workgroup consultation was issued on 18th March and closed on 8th April 2011. A further Workgroup was held a meeting on 14th April 2011. The CUSC Panel accepted the Workgroup Report at the meeting on 27<sup>th</sup> May 2011 and agreed for CAP189 to progress to the Code Administrator consultation for 3 weeks. The CUSC Panel vote took place on 29th July 2011 and the CUSC Panel voted unanimously that CAP189 did not better facilitate the Applicable CUSC Objectives and should not be implemented. However, the CUSC Panel did recognise the intent of CAP189 did better facilitate the Applicable objectives but a defect in the legal text meant that it could not be rectified in the stage in the process. The Panel noted that the Authority could use the "send back" process to resolve the legal text if they felt it was appropriate. On the 18<sup>th</sup> August 2011, Ofgem "sent back" the CUSC Final Modification Report in order to allow changes to be made to the legal text. A second Code administrator Consultation was issued on 14<sup>th</sup> October 2011 and the modification is progressing through the agreed timescales. At the 25<sup>th</sup> November 2011 CUSC Modifications Panel meeting, the Panel voted unanimously that CAP189 better facilitates the Applicable CUSC Objectives and should be implemented. **The final report was sent to the Authority on 7<sup>th</sup> December 2011 for decision.**

**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. Similar proposals have been raised under the BSC (P264) and 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. A meeting with a QC took place on 21<sup>st</sup> January 2011 to discuss the legal advice. A joint Workgroup meeting with CAP190/P264 members was held on 26<sup>th</sup> 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. 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. CMP196 was progressed which addressed the issue raised in CAP190 relating to 'recommendations' in the CUSC Modification Report. At the July 2011 CUSC Panel, in light of the like-for-like BSC and UNC proposals being rejected by the Authority, the Panel agreed by majority that the CAP190 Workgroup should not be extended further. The Proposer chose not to withdraw CAP190 and subsequently the Workgroup Report will be presented to the CUSC Panel in August with the intention of it proceeding to Code Administrator Consultation. The CUSC Panel accepted the Workgroup Report and agreed that CAP190 to progress to the Code Administrator Consultation for three weeks. At the 28<sup>th</sup> October 2011 CUSC Modifications Panel meeting, the Panel voted by a 6 to 2 majority that CAP190 better facilitates the Applicable CUSC Objectives and so should be implemented. The Final CUSC Modification Report was submitted to the Authority for decision on 10<sup>th</sup> November 2011. **The Authority rejected CAP190 on 13<sup>th</sup> December 2011.**

**CMP192 (Arrangements for Enduring Generation for User Commitment)** – CMP192 seeks to add a new section to the CUSC defining the Principles of User Commitment as they pertain to electricity generators and will detail the methodology that will be used to determine individual generator's liabilities and the level of securities required. It was presented to the CUSC Panel in February where it was agreed to proceed to a Workgroup. The Panel agreed to a one month extension for CMP192 to allow for 2 additional Workgroup meetings to take place. A further 1 month extension was then requested and agreed by the Panel with no objection from Ofgem to allow for further meetings and a longer consultation period. A further two Workgroup meetings have taken place. The Panel voted by majority that CMP192 WACMs 5, 6, 7, 8, 11 and 12 better facilitate the Applicable CUSC Objectives. There was no majority support for any of the WACMs as 'best' meeting the Applicable CUSC Objectives; however WACM 8 had the highest number of votes, receiving 3 out of 8 possible votes. CMP192 Final CUSC Modification Report was sent to the Authority on 22<sup>nd</sup> November 2011 for decision.

**CMP197 (Amendment to Qualifying Guarantor)** - CMP197 was raised by Opus Energy Ltd and seeks to allow companies who do not meet the current Approved Credit Rating criteria to provide guarantees. This will remove discrimination towards smaller parties who are typically not large enough to establish an Approved Credit Rating and have to use other methods. CMP197 was presented to the CUSC Modifications Panel on 6<sup>th</sup> May. The CUSC Modifications Panel agreed that CMP197 should follow the Standard CUSC Modifications process via a Workgroup. Two Workgroup meetings have been held and the Workgroup Report was presented at the CUSC Panel meeting on 26<sup>th</sup> August 2011. The Panel agreed for CMP197 to proceed to the Code Administrator consultation. At the 28<sup>th</sup> October 2011 CUSC Modifications Panel meeting, the Panel voted by a 7 to 1 majority that CMP197 better facilitates the Applicable CUSC Objectives and should be implemented. The Final CUSC Modification Report was submitted to the Authority for decision on the 10<sup>th</sup> November 2011. **The Authority approved CMP197 on 15<sup>th</sup> December 2011 with an implementation date of 3<sup>rd</sup> January 2012.**

**CMP198 (Proposer Ownership of CUSC Modification Proposals)** - CMP198 allows the Proposer to change their proposal by giving notice to the Chair of the Workgroup up to the point of the Workgroup Vote, prior to the CA Consultation. If the Proposer has not given notice of their intent to vary the proposal, the Chair of the Workgroup at the point of the Workgroup vote will give the Proposer a final opportunity to vary the proposal. CMP198 was presented to CUSC Modifications Panel on 27<sup>th</sup> May 2011. The CUSC Modifications Panel agreed that CMP198 should follow the Standard CUSC Modifications process via a Workgroup. The CMP198 Workgroup Report was presented at the CUSC Panel meeting on 30<sup>th</sup> September 2011 and the Panel agreed for CMP198 to proceed to the Code Administrator consultation. At the 25<sup>th</sup> November 2011 CUSC Modifications Panel meeting, the Panel voted unanimously that CMP198

original better facilitates the Applicable CUSC Objectives and should be implemented. **The final CUSC Modification Report was submitted to the Authority on the 8<sup>th</sup> December 2011.**

**CMP199 (Reactive Despatch Network Restrictions)** – CMP199 is a consequential change from Grid Code Modification E/11 (Reactive Despatch Network Restrictions) which introduces a new definition of a “Reactive Despatch to Zero MVar Network Restriction” to allow National Grid to despatch such restricted generators providing they can provide zero MVar. This CUSC Modification Proposal aligns the CUSC with the Grid Code to allow payments to generators which have a reactive despatch restriction in place whereby they will be paid accordingly if have been despatched by National Grid. CMP199 was presented to CUSC Modifications Panel on 26<sup>th</sup> August 2011 who agreed that the modification should be progressed directly to Code Administrator Consultation. At the 28<sup>th</sup> October 2011 CUSC Modifications Panel meeting, the Panel voted unanimously that CMP199 better facilitates the Applicable CUSC Objectives and should be implemented. The final CUSC Modification Report was submitted to the Authority for decision on the 10<sup>th</sup> November 2011. **The Authority approved CMP199 on 15<sup>th</sup> December 2011 with an implementation date of 3<sup>rd</sup> January 2012.**

**CMP200 (Generator Led Due Diligence Review)** - CMP200 aims to implement changes identified from a due diligence review that was conducted by National Grid and Ofgem on the Generator build changes that were implemented into the CUSC in December 2010. CMP200 was presented to CUSC Modifications Panel on 25<sup>th</sup> November 2011. The CUSC Modifications Panel agreed that CMP200 should be progressed directly to Code Administrator Consultation and the CUSC Modification Report to be presented to the January 2012 Panel meeting. **The CUSC Panel agreed for CMP200 to be put on hold for 1 month whilst changes to the like-for-like Grid Code proposal are made.**

**CMP201 (Removal of BSUoS Charges from Generators)** - **CMP201 seeks to align GB market arrangements with those prevalent within other EU member states. This will deliver more effective competition and trade across the EU and so deliver benefits to all end consumers. It is proposed that Balancing Services Use of System (BSUoS) charges, which are currently charged to all liable CUSC parties on a non locational MWh basis, are removed from GB generators. This will effectively align the GB ‘generation stack’ with those in other EU markets, thus facilitate equitable competition with generation in other EU markets which are not subject to such charges. CMP201 was presented to CUSC Modifications Panel on 16<sup>th</sup> December 2011 who agreed that CMP201 should follow the Standard CUSC Modifications process via a Workgroup and present the Workgroup report back to the Panel in April 2012.**

**CMP202 (Revised treatment of BSUoS charges for lead parties of Interconnector BM Units)** - **CMP202 aims to further the European Commission’s objectives of facilitating cross-border access and developing a Europe-wide single internal market in electricity. Interconnectors are, in effect, treated within the EU Third Package as extensions to a Member State’s transmission system which facilitate pan-European trade essential to supporting a single Europe-wide market in electricity. In the current GB arrangements, Interconnector flows are treated as if they were a Generator or Demand, which is inconsistent with arrangements across Europe. The Transmission Licence allows NGET to recover revenue in respect of the Balancing Services Activity, including the operation of the transmission system, through Balancing Services Use of System (BSUoS) charges. Liable CUSC parties pay BSUoS charges, based on their energy taken from, or supplied to the transmission system on a non locational MWh basis. BSUoS charges are paid for by all CUSC parties, including Lead Parties for flows on Interconnectors BM Units. This has the effect of reducing the number of occasions where potentially beneficial trades could have taken place and therefore potentially conflicts with the EU objectives. In particular, it creates a barrier to exports from the GB transmission system across Interconnectors.**

In addition, the application of BSUoS to cross-border flows creates a differential between those trades that facilitate competition within a national market and pan European trades that facilitate competition across a single European electricity market. A non physical trader operating within the GB market does not pay BSUoS. However, trades between GB and other Member States, which in the context of a single European market can also be considered as non-physical, are subject to BSUoS charges when they result in flows to / from GB. Efficient trading between GB and other Member States is therefore frustrated by the application of a BSUoS charge. CMP202 aims to address these issues by removing BSUoS charges for Interconnector BM Units, and, in doing so, further align GB arrangements with EU objectives and facilitates greater use of Interconnectors, and encourages further cross-border trading. CMP202 was presented to CUSC Modifications Panel on 16<sup>th</sup> December 2011 and the CUSC Modifications Panel agreed that CMP203 should follow the Standard CUSC Modifications process via a Workgroup and present the Workgroup report back to the Panel in April 2012.

**CMP203 (TNUoS Charging Arrangements for Infrastructure Assets Subject to One-Off Charges)** - CMP203 seeks to align GB market arrangements with those prevalent within other EU member states. This will deliver more effective competition and trade across the EU and so deliver benefits to all end consumers. It is proposed that Balancing Services Use of System (BSUoS) charges, which are currently charged to all liable CUSC parties on a non locational MWh basis, are removed from GB generators. This will effectively align the GB 'generation stack' with those in other EU markets, thus facilitate equitable competition with generation in other EU markets which are not subject to such charges. There should be no adverse effects for GB end consumers, subject to implementation taking account of existing contractual commitments. Aligning the GB market arrangements with other member states better facilitates an efficient functioning internal market in electricity. To that end, GB consumers will benefit from more competitive arrangements delivered through a wider fully functioning competitive market in generation. Whilst the EU Third Package arrangements recognise that different types of market organisation will exist within the wider internal market in electricity, it also acknowledges the need to ensure a level playing field to deliver the full benefits of a competitive internal market in electricity. These objectives are broadly comparable with the objectives applicable to the Charging Methodologies within the CUSC. CMP203 was presented to CUSC Modifications Panel on 16<sup>th</sup> December 2011 who agreed that CMP203 should follow the Standard CUSC Modifications process via a Workgroup and present the Workgroup report back to the Panel in April 2012.

## **Grid Code**

The most recent meeting of the **Grid Code Review Panel** was held on 17<sup>th</sup> November 2011. The next GCRP will take place on 18<sup>th</sup> January 2011.

## **Consultations & Reports to the Authority**

### **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 8<sup>th</sup> April 2011 with ten responses which, in general, supported the proposals in their new form. The Final Authority Report has been submitted and Ofgem have provided comments on the Report which National Grid is now addressing. **Once A/10 has been approved, NGET will raise associated STC Amendment Proposals.**

#### **B/10 (Record of Inter-system Safety Precautions (RISSP))**

Consultation published on the 2nd February 2010, responses were requested by the 30<sup>th</sup> March 2010. Five responses have been received and a Report to the Authority has been submitted for a

decision. Ofgem have raised a couple of questions relating to B/10 and NGET is currently working on resolving these queries before resubmitting a report to the Authority.

## **2011**

### **C/11 (BM Unit Data from Intermittent Generation)**

C/11 proposes to amend the definitions of Output Useable (OU) and Physical Notification (PN) within the Grid Code, along with changes to the obligation to follow PNs. The objective of these changes is to improve clarity with regard to data provided by Generating Units powered by Intermittent Power Sources. This Industry Consultation was published on 18<sup>th</sup> May 2011 with responses requested by 16<sup>th</sup> June 2011. Six responses were received and National Grid is currently drafting a Report to the Authority. Following discussion at the September 2011 GCRP, an additional Working Group meeting was held in November to discuss further refinements of the proposals. As the Working Group has been unable to resolve the wider issues relating to BMU Data and intermittent generation, the Commercial Balancing Services Group (CBSG) will be continuing to review the issues.

### **D/11 (System to Generator Operational Intertripping Schemes)**

Following the conclusion of a previous Grid Code Amendment, F/08, relating to the technical requirements that form part of a system to generator operational intertripping scheme, National Grid was asked by the Authority to review the intertripping scheme descriptions in the Grid Code. It is proposed within this Consultation to amend the definition of "System to Generator Intertripping" so that scheme which use the Relevant Transmission Owner's circuit breaker are included, where all relevant parties have agreed this solution. This Industry Consultation was published on 20<sup>th</sup> May 2011 and four responses were received. The responses have been considered and a consequential change to the CUSC will be raised by National Grid and submitted to the January 2012 CUSC Panel meeting. Following this consideration will need to be given how the tripping of OFTO breakers are to be treated under the STC.

## **Working Groups**

### **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 (15<sup>th</sup> 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 15<sup>th</sup> November 2010. Sub-group has now concluded and submitted their report to the Frequency Response Working Group. The Working Group reviewed the report at their meeting on 13<sup>th</sup> January and will report to the January GCRP.

### **Maintenance Standards (CC.7.7)**

The scope of this group is limited to a review of Grid Code obligation CC.7.7 and Maintenance Standards. The Working Group would be tasked with assessing the current industry codes associated with the notification of Scottish and Offshore generators and Scottish Distribution Network Operators in relation to changes of system fault levels. The intention is to afford these Users with a similar notification and protection as given to Users connected in England and Wales. The last meeting took place on 31<sup>st</sup> October 2011 and a Workgroup report has been submitted to January 2012 GCRP. The Workgroup Report makes reference to the STC Committee needing to review some of the processes in the STC and STCPs in relation to notification of Users being affected by other User works or Transmission Owner works.

### **BMU Configurations Offshore**

This purpose of this group is to look at development of standard BMU Configuration diagrams for offshore Power Park Modules. The Working Group will assess the current industry code requirements for the relevant reporting of such data, determine what the System Operator requires and

consequently develop code modifications for the provision of such information. The last meeting took place on 7<sup>th</sup> December with the next one scheduled for 26<sup>th</sup> January 2012.

**Electricity Balancing System Group (EBSG)**

The scope of this group is limited to that of the Electricity Balancing System, and the Balancing Mechanism and Ancillary Services data and instructions that it will support. The group will consider the changes requested by the industry in response to National Grid's consultations and also any changes that are offered as part of the standard vendor system. The group has established two subgroups EBSIT (focusing on IT issues) and EBSMSM (focussing on Multi Shaft modelling). The next EBSG meeting is due take place in on 26<sup>th</sup> January 2012.

# AMALGAMATED ELECTRICITY CODES AMENDMENT REPORT

As at 17<sup>th</sup> January 2012

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/](http://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/](http://www.nationalgrid.com/uk/Electricity/Codes/gridcode/reviewpanelinfo/)

BSC Amendments can be found on the following website:

[www.elexon.co.uk/changeimplementation/ModificationProcess/ModificationReports/default.aspx](http://www.elexon.co.uk/changeimplementation/ModificationProcess/ModificationReports/default.aspx)