

Codes Summary - June 2012

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

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 25th 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 February 2012 Panel meeting. CMP200 was approved by the Authority on 30th April 2012, with an implementation date of 15th May 2012.

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 16th 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. It was agreed at the CUSC Panel meeting on 24th February that a one month's extension is granted to the original timetable to allow for the Workgroup to carry out further work on the Workgroup consultation and also to allow for a longer consultation period. It was agreed at the CUSC Panel meeting on 27th April 2012 to extend the CMP201 by another month to allow for further analysis to be carried out. Therefore the Workgroup Report will be presented to the CUSC Panel in June 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 16th 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. **CMP202 is progressing through the agreed timetable.**

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 16th 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. The CUSC Panel agreed to a 1 month extension for CMP203. **CMP203 Workgroup presented to the CUSC Panel members and it was agreed for CMP203 to proceed to the Code Administrator stage.**

CMP204 (Consequential to Grid Code Modification D/11 (System to Generator Operational Intertripping Schemes)) - CMP204 is a consequential Modification Proposal to the Grid Code Proposal D/11 'System to Generator Operational Intertripping Schemes'. This Modification Proposal seeks to amend the CUSC to ensure that the System to Generator Intertripping schemes which use the relevant Transmission Owner's circuit breakers are included. This modification is intended to clarify current business practice and to improve understanding of the 'System to Generator Operational Intertripping' section of the CUSC. CMP204 was presented to CUSC Modifications Panel on 27th January 2012 who agreed that CMP204 should follow the Standard CUSC Modifications process and progress straight to Code Administrator Consultation. On the 30th March 2012 the CUSC Panel voted unanimously that CMP204 better facilitates the Applicable CUSC objectives and should be implemented. **The Authority approved CMP204 on 22nd May with an implementation date of 7th June 2012.**

CMP205 (Clarification to the Mandatory Services Agreement) - CMP205 Modification Proposal proposes minor changes to CUSC Schedule 2 Exhibit 4 – Mandatory Services Agreement (MSA). These proposed changes aim to update the CUSC Document to reflect changes in the industry and are intended to keep the Exhibit up to date and keep consistent within the CUSC. These changes aim to include new optional clauses within the MSA for customers to agree to, depending on the category of user they are and the type of connection they are applying for. A change has also been proposed to remove a clause relating to the Restricted Trade Practices Act 1976 which is now repealed so has been recommended for deletion. This is a consequential change to a government decision so is purely housekeeping. CMP205 was presented to CUSC Modifications Panel on 27th January 2012 who agreed that CMP205 should follow the Self Governance route and progress

straight to Code Administrator Consultation. On the 30th March 2012 the Panel voted unanimously that CMP205 better facilitates the Applicable CUSC objectives and should be implemented. CMP205 will be implemented subject to the self –governance appeals process, which started on 30th March 2012 and will close on 24th April 2012. The earliest implementation date will be 10th May 2012. **CMP205 was implemented on 10th May 2012.**

CMP206 (Requirement for National Grid Electricity Transmission to provide and update year ahead TNUoS forecasts) - CMP206 Modification Proposal seeks a requirement for National Grid Electricity Transmission (NGET) to publish a year ahead forecast of Transmission Network Use of System (TNUoS) charges. The forecasts would also be updated at regular intervals during the year (for example every three months) and would be specified to the same level of detail as current notifications of final tariff charges. For example, forecasts of 2013-14 TNUoS charges would be published, say, in May, August and November of 2012 and February in 2013. CMP206 was presented to CUSC Modifications Panel on 30th March 2012 and the CUSC Modifications Panel agreed that CMP206 should proceed to Workgroup. The Workgroup Report will be presented to the CUSC Panel on 31st August 2012. **CMP206 is progressing through the agreed timetable.**

CMP207 (Limit increases to TNUoS tariffs to 20% in any one year) - CMP207 Modification Proposal proposes that National Grid Electricity Transmission (NGET) to limit changes to Transmission Network Use of System (TNUoS) charges so that no element of the charges will increase by more than 20% in any one year. The proposal seeks to reallocate the recovery of allowed revenue within year where tariffs would otherwise rise by more than 20%. The tariff increase would be limited to 20% in any one year, and any changes required more than that amount would be thereby phased in. CMP207 was presented to CUSC Modifications Panel on 30th March 2012. The Panel agreed that CMP207 is a methodology change and that it should not be treated as Self-governance. The CUSC Panel agreed that CMP207 should not be exempted from the ongoing electricity transmission charging Significant Code Review. The Authority agreed to confirm its position on this to the CUSC Panel. The Authority ruled that CMP207 should be progressed through the standard CUSC Modifications process unless a direction is issued to the contrary. Therefore CMP207 will proceed to a Workgroup with the Workgroup Report due to be presented to the Panel on 31st August 2012. **CMP207 is progressing through the agreed timetable.**

CMP208 (Requirement for National Grid Electricity Transmission to provide and update forecasts of BSUoS charges each month) - CMP208 Modification Proposal proposes that National Grid Electricity Transmission (NGET) publish a current year forecast and a year-ahead forecast of Balancing Services Use of System (BSUoS) charges. It would also require that the forecasts be updated on a monthly basis during the year and that they should be in a prescribed format with commentary posted on the National Grid website. CMP208 was presented to CUSC Modifications Panel on 30th March 2012 and the CUSC Modifications Panel agreed that CMP208 should proceed to Workgroup. The Workgroup Report will be presented to the CUSC Panel on 31st August 2012. **CMP208 is progressing through the agreed timetable.**

CMP209 (All suppliers' submitted forecast demand to be export (Charging Methodology Modification Proposal)) - CMP209 seeks to allow supplier to submit a negative demand forecast for the year and receive the embedded benefit payments on a monthly basis within year. Suppliers who net export do not receive these benefits until the annual reconciliation which can be up to 7 months after TRIAD periods for HH sites and 15 months for NHH. CMP209 proposes to correct this disparity. CMP209 was presented to CUSC Modifications Panel on 30th April 2012 and the CUSC Modifications Panel agreed that CMP209 should proceed to Workgroup. **The Workgroup Report will be presented to the CUSC Panel on 28th September 2012. The Panel agreed to a 1 month extension to CMP209.**

CMP210 (All suppliers' submitted forecast demand to be export (CUSC Modification)) - CMP210 seeks to allow supplier to submit a negative demand forecast for the year and receive the embedded

benefit payments on a monthly basis within year. Suppliers who net export do not receive these benefits until the annual reconciliation which can be up to 7 months after TRIAD periods for HH sites and 15 months for NHH. CMP210 proposes to correct this disparity. CMP210 was presented to CUSC Modifications Panel on 30th April 2012 and the CUSC Modifications Panel agreed that CMP210 should proceed to Workgroup. **The Workgroup Report will be presented to the CUSC Panel on 28th September 2012.**

Grid Code

The most recent meeting of the **Grid Code Review Panel** was held on 16th May 2012. The next GCRP will take place on 18th July 2012.

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 8th 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 30th 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 18th May 2011 with responses requested by 16th June 2011. Six responses were received and following discussion at the September 2011 GCRP, an additional Working Group meeting was held in November to discuss further refinements of the proposals. A revised Workgroup Report and further Industry Consultation are being drafted.

2012

A/12 (Information Required to Evaluate Sub-Synchronous Resonance)

Proposes changes to facilitate the exchange of information required to evaluate and, if necessary, mitigate the risk of Sub-Synchronous phenomena such as Sub-Synchronous Resonance on the Transmission System. The Industry Consultation closed on 26th March 2012 and 5 responses were received. **National Grid is considering some possible issues identified in the consultation responses. Once these are resolved National Grid will be submitting a Report to the Authority**

B/12 (Formalising Two Shifting Limit and other parameters)

This consultation has been published by the Electricity Balancing System Group and is seeking views on modifications to the Grid Code to make Two Shifting Limit and certain items of Other Relevant Data (Grid Code BC1.4.2(f)) formal parameters. The consultation opened on 16th March 2012 and responses are requested by 24th April 2012. Consultation closed with 9 responses received and

EBSG are currently drafting a final conclusions report. Following a discussion at the last GCRP, a separate meeting is being set up to discuss this issue further.

C/12 (Safety Management of Three Position GIS Earth Switches)

C/12 seeks to modify the Grid Code to permit the option of Earthing before Points of Isolation have been established, in the England & Wales Transmission area, to reflect the design changes in Three Position Gas Insulated Switchgear Earth Switches. National Grid has published the Industry Consultation and responses are requested by the 4th July 2012.

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 (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. The sub-group has now concluded and submitted their report to the Frequency Response Working Group. The Working Group is currently drafting the Workgroup Consultation. The previous meeting was held on 5th April 2012. The next meeting is being organised and a date will be agreed shortly.

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 31st 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. At the January 2012 GCRP it was agreed to extend the Terms of Reference to address an issue identified by Workgroup members that was not part of the original scope. A workgroup meeting took place on the 18th April 2012. Work on the workgroup report is ongoing.

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 14th February 2012 where it was agreed that the Workgroup Report would be drafted. No further meetings are anticipated.

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 last EBSG meeting took place in on 11th June 2012 and the next meeting is planned for early July 2012.

AMALGAMATED ELECTRICITY CODES AMENDMENT REPORT

As at 19th June 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/

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.elexon.co.uk/changeimplementation/ModificationProcess/ModificationReports/default.aspx