Codes Summary - February 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

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 22nd November 2011 for decision.

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 is progressing through the agreed timetable.

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 CMP203 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. Therefore the Workgroup Report will be presented to the CUSC Panel in May 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. CMP203 is progressing through the agreed timetable.

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. The Panel vote will take place on 30th March 2012. CMP204 is progressing through the agreed timetable.

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 consistenct 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. The Panel vote will take place on 30th March 2012. CMP205 is progressing through the agreed timetable.

Grid Code

The most recent meeting of the **Grid Code Review Panel** was held on 18th January 2012. The next GCRP will take place on 21st March 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 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 20th May 2011 and four responses were received. The responses have been considered and a consequential change to the CUSC was raised by National Grid and submitted to the January 2012 CUSC Panel meeting. Consideration will now need to be given regarding how the tripping of OFTO breakers will be treated under the STC.

F/11 (Generator Led Due Diligence Review)
Aims to implement changes identified from a due diligence review, which was conducted between July and August 2011 by National Grid and Ofgem, on the Generator Led changes that were implemented into the Grid Code on 31 December 2010. Industry Consultation closed on 2nd March 2012 and three responses were received.

National Grid are currently drafting the Report to the Authority to be submitted for a decision.

H/11 (Data Validation, Consistency and Defaulting Rules)
The Data Validation, Consistency and Defaulting Rules document defines the rules for data validation and consistency checking which are applied to Balancing Mechanism data received from Trading Agents and Control Points. It also covers defaulting rules in the absence of data.

The Data Validation, Consistency and Defaulting Rules document is referenced in the Grid Code Glossary and Definitions. The current version referenced is Issue 7; it is proposed to update the reference to Issue 8.

The Authority approved this modification which will be implemented on 16 March 2012.

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 closes on 26th March 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 are currently drafting the Workgroup consultation. The previous meeting was held on 1st March 2012, the next meeting is planned for 5th April 2012.

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 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.

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 1st March 2012 and the next meeting is planned for 27th April 2012.

AMALGAMATED ELECTRICITY CODES AMENDMENT REPORT

As at 20th March 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