

**Minutes and Actions Arising from Meeting
Held on 2nd February 2011**

Present:

David Smith	DS	Chair, National Grid
Emma Clark	EC	Technical Secretary, National Grid
Neil Rowley	NR	National Grid
Shafqat Ali	SA	National Grid
Tariq Hakeem	TH	National Grid
Steve Lam	Sla	National Grid
Nolan Robertson	NRb	National Grid
Stephen Curtis	SC	National Grid
Nigel Fox	NF	National Grid
Raoul Thulin	RT	RWE
Garth Graham	GG	SSE
Lisa Waters	LW	Waters Wye (teleconference)
Simon Lord	SL	FHC (teleconference)
Guy Philips	GP	E.ON
John Costa	JC	EDF
Hannah McKinney	HM	EDF

Apologies:

Chris Proudfoot	CP	Centrica
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1 Introductions

Introductions were made around the group.

2 Approval of Minutes

The meetings from the previous meeting held on 14th December 2010 were APPROVED.

Action: EC to publish minutes on National Grid website (post-meeting comment – action completed)

3 Update on Reactive Power Modification Proposal

Sla briefly described the purpose of the Proposal for the benefit of those who had not been able to attend previous meetings. Since the last BSSG, a member of the Grid Code Review Panel (GCRP) had raised concerns regarding potential conflict between DNO instructions and National Grid instructions to despatch reactive power. However, the Grid Code remained silent on the matter as there was no prioritisation between the instructions. GG agreed that this was a concern which should be addressed. RT noted that the discussion was highlighting issues outside of the proposal as the issue was not to do with just restricted plant but with all generation. RT suggested that these separate issues could be dealt with in another forum, perhaps in the GCRP. Sla informed the group that before CAP169, embedded plants were dispatched anyway on an unofficial basis, taking into account restrictions that a generator may have, therefore the issue discussed should not form part of the main proposal. LW noted that as a generator, she would conform to the DNOs instruction and not National Grid's.

DS acknowledged that the group recognised the issues raised and that clarity was required, but this did not come under the scope of the Reactive Power Proposal and could be taken forward as a separate issue. LW suggested that there are some communication links that could be improved under this Proposal. Sla advised that the proposal would be taken forward to the GCRP to be raised as a Grid Code modification. Sla noted that there are changes required to the CUSC under Schedule 3, Appendix 1 and 2 and that legal text would be drafted and circulated with a view to raising at the March CUSC Panel.

LW asked how this will be communicated to embedded generators and GG suggested that it may be of value to target the Scottish Renewables Forum as a method of communication. LW advised that it would be useful for an issues group to look at DNO and National Grid Instructions to enable generators to be clear on requirements. LW asked if it was possible for National Grid to contact all embedded plants to notify them of the potential changes and DS advised that National Grid would explore this possibility.

Action: National Grid to look into contacting embedded plants to notify them when the proposal has been raised

4 Reactive Compliance Monitoring Update

NRb provided a brief background to this item. NRb advised that discussions had been held and it had been concluded that Reactive Compliance Monitoring would be put on hold whilst the options are being discussed. NRb added that payments withheld in 2010 would be made good by March 2011 and further discussion with the industry would follow. RT felt that there would be general support from those involved. SO asked about the timescales with regard to the consultation and NF responded that National Grid will consult in some nature later this year.

5 CAP076, CAP48 and CAP144 Compensation Methods

TH presented a draft proposal paper to address the compensation arrangements under CAP48, CAP76 and CAP144. GG noted that there was no reference to CAP76 in the description of the Proposal, TH replied that he will include a reference for clarity. Discussions moved on to the table in the Proposal under Appendix 1 summarising the compensation for the three CAPs. GG suggested that it would be useful to show the proposed changes as a change-marked version to differentiate between the current baseline and the new one.

RT commented that he had a preference for ABSVD intertrips as it is tidier and does not affect Net Imbalance Volume (NIV). SC queried why CAP76 has to be deemed a balancing service to which RT said it became a balancing service when it got put into the CUSC section 4, rightly or wrongly. GP responded that National Grid requires it under certain scenarios for security of network and thus shouldn't be treated separately. DS summarised that it would be useful to look at the extent of the limitations on ABSVD.

Action: National Grid to investigate the extent of limitations on ABSVD and the reasons why.

GG highlighted that there is a need to understand why the generators should not be compensated. GG felt that the payments should be higher than £400k

and that it is necessary to flag up that generators will be looking for higher rates.

SL highlighted the question of what loss the compensation is for, ie. physical. JC noted that the proposal aims to change all but it may be clearer to separate the proposals under each CAP to make it clearer. GG pointed out that this would enable the Authority to consider all of the CUSC Modifications and have the ability to accept one and reject the others, for example. GG added that they could all go to a Workgroup and have alternatives. JC advised that the arrangements need to be flexible and pointed out that £400k would seem a lot more money for smaller generators than larger ones.

Discussions moved on to the draft proposal that SL had written on compensation following unplanned temporary physical disconnection of a user from the transmission system. GG queried why, if National Grid trips the system for two hours, for example, and a generator then takes 24 hours to connect back on, the generator only gets 2 hours compensation instead of 24 when it is not their fault that they were tripped off initially. GG pointed out that it is an issue with technology and the ability of the generator to connect back quickly. GG suggested that a 'reasonable period' could be implemented, such as 12 hours. The level of disconnection and resulting outages needs reviewing to be able to determine the right amount of compensation to be paid. It was suggested to produce a table for comparison as each defect identified will have a number of sub-elements. This will avoid having tens of modification alternatives. LW noted that the group should be mindful of previous attempts to deal with this issue, as a result of consequential losses, and that it may be unlikely that Ofgem will sign it off and that it might be lumped under a bigger SCR (Significant Code Review) under TransmiT.

DS asked the group for suggestions on a way forward. GG suggested separating into 3 modifications but holding them in parallel to allow the Authority more choice. DS noted that it needs to be made clear what the group believes the defect to be before the modifications are raised and that the group can develop the modification to incorporate all elements that have been discussed so far.

SL stated that the principles of compensation need to be agreed first and then determine the compensation elements and commented that he would also like the group to particularly discuss the issue of post-24 hours compensation. JC agreed and stated that the trigger needs to be clarified as the CUSC was unclear. The principle should be that each type of generator needs to be adequately compensated and GG said that generators should be compensated for as long as they are off as a reasonable and prudent operator. JC advised that there was a cost also to users. GG said its something for NG take forward as Users had a basic right to compensation for loss of service. SL said that CAP76 costs were picked up through BSUoS but CAP 48/144 was through TNUoS and that NG might need to be incentivised to reinforce the network for different types of disconnections.

DS summarised that the compensation regarding renewables, compensation post-24 hours, compensation pre-24 hours and notice by the System Operator would be included in further discussions. JC stated that some analysis could be produced to show, on average, how long a reasonable and prudent operator would need to come back to provide an indication of where the compensation should stop.

DS noted that the issue of the definition of disconnection with regards to planned and unplanned, particularly in terms of CAP48 needs to be included in order to add clarity. SL noted that compensation for planned and unplanned in terms of CAP48 is much the same for after 24 hours currently.

RT noted that after following discussions, he feels that ABSVD does not feed into NIV.

To summarise, DS advised that a paper would be put together detailing the issues identified under CAP48 and CAP144 payments and addressing the points raised in the draft proposal raised by SL and also a proposal raised by EDF identifying similar concerns. DS added that CAP76 would be addressed at a later date.

Action: TH to compile a paper consisting of CAP48 and CAP144 payments and addressing other points raised and circulate to group for discussion at next meeting.

6 Offshore Reactive Draft Consultation

NR briefly described the background to this consultation and advised that no comments had been received following an email request for comments on the draft. NR asked if the group had any comments and suggested a three week industry consultation period. EC and GG clarified that a 3 week consultation period was in line with the requirement in the Code Administration Code of Practice. GP asked if this consultation could be extended, NR advised that he was happy to extend but with a reservation that making it too long may result in a lack of responses.

GG asked what was meant by the term 'mainland Britain' in the report, to which NR explained that he was differentiating between land and sea. NR agreed to change this wording to 'onshore'. GG also noted that the second paragraph on the 5th page of the document referred to a generator choosing to provide reactive capability at its Offshore Power Station on behalf of the OFTO. GG suggested that it is not necessarily a choice for generators. GG also noted that the word 'slightly' in relation to the costs of installation and transport may be an understatement. NR agreed to change this wording.

NR summarised that the changes identified would be made to the consultation and that it would be sent out for consultation. EC confirmed that this would be a 4 week consultation. NR asked the group if they could suggest any groups or parties to target for the consultation. GP suggested that the Offshore Grid Group may be appropriate and NF advised that information on this could be found on the BWEA website.

Action: NR/EC to update Consultation and send out for 4 week period (post-meeting comment – action completed)

7 Next Steps

DS advised the group that the next meeting is planned for 16th March 2011 at National Grid House, Warwick. As advised in the CBSG, EC advised that she would rearrange the date of the CBSG and BSSG for March and April and advise the group of the new meeting dates.

Action: EC to rearrange March and April meeting dates.

8 AOB

The group had no AOB.