

**Minutes and Actions Arising from Meeting
Held on 27 July 2011**

Present:

David Smith	DS	Chair, National Grid
Emma Clark	EC	Technical Secretary, National Grid
Shaf Ali	SA	National Grid
Tariq Hakeem	TH	National Grid
Steve Curtis	SC	National Grid
Neil Rowley	NR	National Grid
John Costa	JC	EDF Energy
Guy Philips	GP	E.ON
Garth Graham	GG	SSE
Lisa Waters	LW	Waters Wye (via teleconference)
Simon Lord	SL	FHC (via teleconference)
Veli Koc	VK	Ofgem (via teleconference)
Miles Perry	MP	Ofgem (via teleconference)

Apologies:

Chris Proudfoot	CP	Centrica
Raoul Thulin	RT	RWE

1 Introductions

Introductions were made around the group. DS went over the agenda for the meeting.

2 Approval of Minutes

Comments on the minutes from the previous meeting were received from RT. There were no other comments and the minutes were APPROVED. As agreed in the CBSG meeting, the group also agreed that where there are long gaps between the meetings, that the minutes should be approved via email in order to publish on the website in a more timely manner and that the Terms of Reference would be updated to include this requirement.

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

3 Review of terms of Reference

DS updated the group with the changes that had been made to the BSSG Terms of Reference in order to improve the governance of the meetings. DS advised that the Terms of Reference would be updated and circulated to the group and then, as the BSSG is a Standing Group under the CUSC, it would need to be approved by the CUSC Modifications Panel.

Action: EC to update Terms of Reference further and circulate to the group.

4 Disconnection Triggers

SC presented to the group on disconnection triggers under CAP48 which was addressing an action from the previous BSSG meeting where the group discussed the meaning of a “relevant interruption” and it was felt that the wording in the CUSC could be clearer as to where the trigger is as a result of National Grid’s loss of service. SC advised the group that a variety of transmission system outages or faults could lead to the disconnection of generation but that it is difficult to determine the circumstances for which CAP48 payments are applicable. GG noted that he understood that there had been six eligible claims and asked what categories they fitted under with regard to the examples that SC had provided in the presentation slides. DS advised that additional detail from the slides could be inserted into the draft consultation on the compensation methodology for loss of transmission access that TH was compiling.

Action: TH to include in draft consultation detail around how the examples are applied to historical claims.

SC discussed an example of a bar outage for an intact double busbar station and noted that the issue is around how long the outage continues after the bar is available. SC advised the group that CAP48 states that compensation stops where it is reasonably practicable to reconnect after the bar is available.

SC moved on to looking at an example of a depletion of station supplies where it is assumed that station transformer 1 is out of service and a simultaneous outage of station transformer 2 is considered. It was noted that ownership of the station transformer is with the generator and that payment for the CAP48 compensation comes from the TO. DS advised that the draft consultation would deal with this issue as a consultation question. JC highlighted that, in regard to section 3.2 of the draft consultation, a step back needs to be taken in terms of compensation eligibility. GG noted that there was scope in the consultation under section 3.4 for further clarity with regard to how costs are recouped. TH clarified that costs are recouped through TNUoS. JC queried whether National Grid had ever paid CAP48 under this particular example and advised that he believed that there had been payments. SL commented that it seemed sensible that compensation should stop at the point of where the party is able to synchronize and that this method seems to work. LW commented that the assumption must be made that the power station is acting reasonably and in the correct manner, unless proven otherwise. SL reminded the group that an appeal route is available through Ofgem and that it is a socialised cost and the main driver should be to remain consistent.

DS summarised that the general view under this particular scenario that CAP48 should apply and that this point can be highlighted in the consultation.

Action: SC/TH to check how many CAP48 claims there have been in total and how many have been rejected and to provide a yearly breakdown.

SC moved on to the next slide and discussed local circuit outages with the group where there has been the loss of a double circuit connecting the power station to the system. SC clarified that where the connection is by a single transmission circuit, it is covered by the BCA so CAP48 would not be applicable. With regard to unplanned outages, SC noted that where CAP76 does not apply it could be argued that CAP48 is applicable.

SC moved on to the last example which deals with wider losses such as multiple system faults. SL noted that the view is that CAP48 would not be applicable in this situation as there are multiple power stations involved. SL added that ultimately the

money comes from the industry and GG added that the CUSC has a liability cap of £1m.

5 CAP48 and CAP144 Compensation Methods.

TH provided an overview of the draft consultation on the loss of transmission access (CAP48 and CAP144). GG asked if the total number of claims could be identified and whether the total number of customer minutes lost, with regard to duration in terms of capacity, could be provided in the consultation in order to provide an understanding on how often this occurs. TH advised that the figures for the successful claims would be available but the unsuccessful claims may be more difficult to obtain. GG added this it would be useful to look at any anomalies in the payments, or to see whether they were all a similar figure. TH responded that the payments ranged from £8000 to £800,000 and that this information could be included in the consultation.

TH ran through the sections of the consultations and the questions that had been drafted. Under Section 3.2 TH advised that he would change the text to incorporate discussions from this meeting. SC added that the issue is around the word 'solely' in the definition.

Under Section 3.3.1 which deals with the duration of the initial compensation period, GG commented that question 3 could be expanded to ask respondents to include their rationale in their answer. SC added that the question should include the words 'up to' 24 hours for clarification. JC suggested splitting the question into two parts. GP also suggested taking out the reference to Market Index Price.

Moving on to Section 3.3.2, GG suggested adding the words 'short –term' before '...loss of access' in the last sentence of the first paragraph. GG highlighted that there could be an issue with using average TNUoS for loss of access compensation. GG also suggested adding in a point with regard to what happens in positive zones.

Action: TH to add in consultation question on whether using averages is the best method, as some parties will get over / under compensated.

The group looked at Section 3.3.3 of the consultation and discussed the levels of compensation. GG suggested adding in a part 'c' to question 7 to ask respondents to provide some figures if they disagree with the figures suggested, and to provide justification for their suggested figures.

Section 3.3.4 deals with compensation following restoration of access. JC suggested that section 3.3.4 of the consultation should be moved to after Section 3.3.1 as it fits in more appropriately here.. DS noted that this could be done. GP also suggested simplifying the wording in question 9.

TH moved on to looking at Section 3.4 – 'Recovery of Costs by National Grid'. GG suggested that it would be helpful if the consultation depicted the actual number of terawatt hours lost. The group then discussed the next section which deals with the impact of Project TransmiT. It was noted that TransmiT may not have a direct impact but that it is useful to ask a consultation question to obtain views. It was acknowledged that currently it was viewed that Project TransmiT would not have an effect on on compensation in this regard.

DS summarised that the consultation would be updated to reflect the discussions and suggestions of the BSSG from this meeting and that this would then be circulated around the group and discussed at the next meeting.

Action: TH to update consultation in light of the discussions and suggestions and circulate to group.

6 Offshore Reactive Power.

The group agreed that due to the limited amount of time remaining in the meeting, it would be pragmatic to postpone this item to the next meeting in order to allow more time to be spent discussing it. NR advised that a first draft of the report was being finalised and that it would be circulated to the group in preparation for discussion at the next meeting.

7 Next Steps

DS confirmed that the next meeting would be held at National Grid House, Warwick on 7th September 2011.

8 AOB

The group had no AOB