

Minutes

Meeting name	Balancing Services Standing Group (BSSG)
Date of meeting	5 th June 2013
Location	National Grid House, Warwick

Attendees

Name	Initials	Company
Mike Edgar	ME	Chair
Louise McGoldrick	LM	Technical Secretary
Andy Walden	AW	National Grid
Rebecca Yang	RY	National Grid
Raoul Thulin	RT	RWE – Teleconference
Campbell McDonald	CM	SSE
Cem Suleyman	CS	Drax - Teleconference
Guy Philips	GP	E.ON
Lee Taylor	LT	GDF SUEZ Energy UK – Europe
Simon Lord	SL	GDF SUEZ Energy UK – Europe
Lisa Waters	LW	Waters Wye – Teleconference
Christopher Proudfoot	CP	Centrica
Joe Warren	JW	Open Energi
Stephen Galsworthy	SG	Open Energi
Steve Hunter	SH	AES – Teleconference (part only)
Hannah McKinney	HM	EDF

Apologies

Name	Initials	Company
Paul Killian	PK	Eirgrid

All presentations and supporting papers for the BSSG meeting can be found at:

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/>

1 Introductions/Apologies for Absence

1. The Chair welcomed the group, made introductions and the apologies were noted.

2 Background to Frequency Response

2. AW informed the group that the Frequency Response Workgroup (FRWG) had concluded and highlighted the technical and commercial areas the workgroup had chosen to take forward. AW confirmed that these conclusions had been submitted to the Grid Code and CUSC Panels for consideration in January 2013. AW summarised the Grid Code next steps would be to submit a draft Industry Consultation to the Grid Code Review Panel in July 2013. A number of group members reflected on the issues raised at the FRWG but it was confirmed that only four areas were being taken forward they are:

- A mandatory 5 second 'rapid' frequency response for asynchronous generators (Grid Code)
- Clarity of existing primary response (Grid Code)
- CUSC based remuneration mechanism for mandatory frequency response to accommodate the 'rapid' frequency response
- Commercial frequency response to be developed to provide a weekly Firm Frequency Response

3. Concerns were raised by the group that the mandatory Grid Code definition was being developed without consideration from a commercial perspective and requested further information on the Grid Code Industry Consultation being proposed in July 2013. In summary, the group raised concerns about the FRWG referring to a linear delivery of frequency response and wanted further information on what is being proposed for the following areas: speed, delivery profiles, commencement, and who can qualify for frequency response.
4. CP mentioned that the problem which frequency response is looking to address is growing due to the growth in renewable generation and it will not be restricted to the summer

Action: AW to confirm Grid Code timescales and obtain further information on the Grid Code Changes.

3 Frequency Response Energy Payment

5. AW gave a presentation on Frequency Response Energy Payments and confirmed that this was not a recommendation by the FRWG, but National Grid considers it should be reviewed to establish whether it is suitable for renewable generation. AW outlined the current provisions and put forward 3 options for discussion with the group. ME invited views from BSSG members.
6. RT raised concerns about the Frequency Response from wind: Pricing Guidelines circulated prior to the meeting. ME confirmed that this was for information purposes only and was not going to be discussed at the BSSG meeting.
7. CP expressed concerns, from a renewables perspective, that response energy is linked to Renewable Obligation Certificates (ROCs). ME also acknowledged CM's comments that wear and tear and maintenance of plant equipment are not "free" but stated the holding price should reflect these elements.

8. The group debated whether ROCs were the only area of concern and whether or not different cost structures for different plants should be considered or whether different plants could put in their own energy price therefore limiting their exposure. SL advised that, when this issue was previously debated, individual prices were considered instead of generic prices in order to optimise primary and secondary response. SL also advised that National Grid did not pursue this route as it was not feasible at that point in time. The group also considered whether a new algorithm could be developed in this area.
9. The group requested information on the materiality of the issue to be addressed. AW confirmed that the costs last month were £82k and estimated materiality to be approximately £500k or less per month. AW agreed to put together a materiality matrix based on MWh.

Action: AW to investigate a materiality matrix based on MWh.

10. In summary ME concluded that the BSSG members wished to continue discussions on developing the Frequency Response Payment and that any option put forward by them would not lead to major system changes. The group also confirmed that there is value in wind farms participating but the right economic framework needs to be in place. For a future meeting, BSSG members felt that National Grid should explore the following: participant criteria, market appetite, system dispatch, and what value the market associates with the service.

4 Mandatory Rapid Frequency Response Service

11. AW gave a presentation on Rapid Frequency Response outlining that the service would include both mandatory and commercial elements and therefore will be debated and progressed both within the BSSG and CBSG. SL again reiterated that care should be taken in developing the mandatory requirements and that the requirements may need to take account of the commercial developments. It was noted again that the FRWG report required the RFR service to be fully delivered within 5 seconds. The group requested further clarification as to what was being defined and whether the delivery was linear. Please refer to action above in paragraph 4.
12. JW queried whether, in the real world, rapid response would be achieved in 5 seconds and what testing would be required to demonstrate this requirement. It was confirmed that all participants would be generically tested. It was recognised in a steady state scenario different assets would take longer to respond. The group queried whether the Rapid Frequency Response is in both directions (low and high) and AW confirmed that this was the case.
13. The BSSG members commented that an assessment of costs may need to be completed by the Grid Code Workgroup to assess whether it is beneficial to develop this service when it is potentially only going to be needed for 3 or 4 days a year. CP noted that the problem occurs today and is only going to grow due to growth in renewable generation and that it will not be restricted to the summer months and that the number of impacted days will be increased. The group also considered:
 - Interaction with current primary frequency response
 - Impact on Inertia requirements and effectiveness against RoCoF issue
 - Economic dispatch – impact on control room systems
14. The group noted that there are a number of factors which impact the future levels of RFR required, in particular the change in SQSS to secure a single 1800 MW generation loss. CM mentioned that potentially a connecting generator at a connection point could comply with Grid Code obligations by subcontracting to other providers to provide the response. The group also considered that the obligation

could be sold to the System Operator. SL confirmed that this had been considered by the FRWG but this had not been included as part of the final recommendations.

15. SL questioned whether there might be system stability issues if a high proportion of plants will be delivering within 5 seconds.. LW asked whether any of these changes would be applied retrospectively. ME advised that he expects that the changes would not be retrospective.
16. ME concluded the debate and stated that the procurement and despatch mechanisms for mandatory RFR will be developed in conjunction with the CBSG.

6 Any other business

17. There were no AOB items from the group.

7 Next Meeting

18. The next BSSG meeting will be held on 24th July 2013 at National Grid's offices in Warwick.

Note: since the CBSG meeting the 24th July 2013 has been postponed and the next meeting will take place on the 4th September.