

Minutes

Meeting name	Balancing Services Standing Group
Date of meeting	7 th September 2011
Time	11:00 – 15.00
Location	National Grid House, Warwick

Attendees

Name	Initials	Company
Nigel Fox	NF	National Grid
Emma Clark	EC	National Grid
Neil Rowley	NR	National Grid
Tariq Hakeem	TH	National Grid
Shaf Ali	SA	National Grid
Steve Curtis	SC	National Grid
Raoul Thulin	RT	RWE
Sarah Owen	SO	Centrica
John Costa	JC	EDF
Guy Philips	GP	E.ON UK

Apologies

Name	Initials	Company
David Smith	DS	National Grid
Garth Graham	GG	SSE

1 Introductions/Apologies for Absence

1. NF made introductions around the group and advised that he was standing in for DS as the Chair of the BSSG.

2 Approval of Minutes from the last meeting

2. No comments were received on the minutes and they were approved.

Action: EC to publish minutes on website.

3 Review of Terms of Reference

3. RT suggested that under Scope and Objectives, the consideration of Frequency Response, specifically with respect to Interconnectors, is moved further down the list of priorities. It was noted that there is a Grid Code obligation for Interconnectors to have capability for Frequency Response and therefore it is still a valid discussion point. SC noted that it may become more important in the future and therefore it should be kept on the agenda for BSSG. The group agreed that it was sensible to leave this point as it is in the Terms of Reference.
4. The group agreed that they were happy with the Terms of Reference. EC advised that as the BSSG is an established Standing Group under the CUSC Modifications Panel, the changes would need to be tabled and agreed at the next CUSC Modifications Panel meeting on 30th September 2011.

Action: EC to table revised Terms of Reference at 30th September CUSC Modifications Panel for approval.

4 Offshore Reactive Power

5. NR conducted a page turning exercise of the draft report on 'The Commercial Arrangements for the Obligatory Reactive Power Service from Offshore Generators' which follows the industry consultation issued in February 2011.
6. RT suggested re-wording the first bullet point in Section 2.5 to read 'Offshore generators as a minimum should be able to maintain unity'. In response to a question from a BSSG member NR noted under this discussion that National Grid cannot contract for balancing services from an OFTO (Offshore Transmission Owner).
7. NR moved on to discussing the industry responses to the consultation and highlighted specific points raised. Firstly, NR highlighted a query from the Cardiff Power response on the issue of the mixed asset ownership provision approach and noted that a number of projects will utilise both generator and OFTO assets to meet the overall OFTO reactive obligation. GP commented that if there was an absence of meters then it would not be possible to work out the costs, therefore this seems like a mute point. NR confirmed that there would be settlement metering at the Offshore Grid Entry Point with which to record any reactive power produced by the generator. The group discussed the appropriateness of the distinctions of ownership within the local. GP stated that the policy position means that the practicality of how you differentiate between the two does not need to be looked at. SC highlighted an issue with

incentives for OFTOs and generators to design efficient solutions and NR pointed out that there could be scenarios where they are inefficient, but compliant. SC highlighted that the efficiency test is only on the capital cost and NR responded that there is a belief that this is a fairly flexible regime.

8. The group moved on to section 7.4 and the question of whether National Grid has addressed the Ofgem/DECC statement that generators should be paid for the OFTO reactive provision. The group examined the table in the report on Offshore vs Onshore Power Station and the cost and revenues of reactive power. It was clarified that the rate of return is paid to the OFTO through their charges but that the generators do not get paid for any service provision from the OFTO assets. It was noted that the generator has an obligation to invest to provide capability onshore but that they do not receive funding for this. JC pointed out the locational element of this issue and NR referred the group to an example he had provided in section 4.9 in the report and emphasised that the purpose of the regime was to provide flexibility. SO suggested that Ofgem were possibly trying to make the point of why National Grid should receive the benefit for the OFTO providing reactive power, when the generators do not receive payment. RT advised that a solution could be to pass the cost and subsequently the benefit to the generator and suggested that the wording in the report does not address the question directly and requires some more context. RT added that he would provide some comments via email to NR on the report and that it would be worth making reference to the Ofgem/DECC statement and the context in the report, and the extent to which they have been addressed. RT added that the issue of competition within the reactive market should be reviewed within the upcoming fundamental review of the reactive market. The group also briefly debated whether the current arrangements resulted in benefits to NG will ultimately become a benefit to the consumer.
9. NR discussed section 7.10 with the group regarding OFTO to OFTO connections. GP noted that there is an Ofgem and DECC coordinated group specifically looking at this issue. NR then referred the group to the last point that he had picked up in section 7.17 regarding payment for generators for all reactive power regardless of who provides. GP responded that the answer in the report provides for the least worst solution. It was suggested that the last sentence in this section ('In addition....transmission network') is removed.
10. NR advised the group that he would update the report following the discussions in the meeting and would send out on 14th September for 1 weeks' review prior to submitting it to the CUSC Panel for Papers Day.

Action: NR to update report on The Commercial Arrangements for the Obligatory Reactive Power Service from Offshore Generators' and circulate to BSSG.

5 Draft Consultation on Loss of Transmission Access - Update

11. TH ran through the background to the consultation for the benefit of the group and began a page-turning exercise on the changes he had made since the discussions at the previous BSSG meeting. TH began with advising the group that he had added a section under Section 3.2 regarding loss of access due to the configuration of the user's plant and apparatus. SC asked a question regarding the extent to which this should be covered and suggested that the decision on the validity of the claim should be an industry decision rather than an NGET one. JC suggested that a Panel of experts could be appointed to make decisions on claims. SC added that it was unfair for National Grid to make determinations under an unclear set of rules. NF highlighted the wording in the paragraph with regard to 'reasonable and prudent' and the group

considered what this meant in practice. JC commented that he fundamentally disagreed with the paragraph and that it should be removed as the decision should be regardless of configuration. GP highlighted that it had not been universally agreed that partial system shutdown or islanding should be excluded from CAP48 with regard to Question 3 in the consultation and RT suggested that the wording for industry practice should be changed from 'best' to 'good'.

Action: Add in a question under section 3.2 on who the industry believes should make the decision on a claim. Further to that, add in a secondary question on who the industry would recommend to make the decision.

Action: Change wording in 3.2 from 'best industry practise' to 'good industry practice'.

12. The group examined Figure 1 in the consultation under Section 3.2.2 and discussed the meaning of 'access' in the context of restoration of access'. TH suggested that it could be changed to 'resolution of interruption' and SC suggested defining the term at the outset of the consultation for the purposes of the document.

Action: Clarify the term 'restoration of access' in Figure 1, page 9.

13. Under Question 11 of the consultation RT suggested changing the wording so that regardless of the answer to the previous question, respondents have the opportunity to express their views.

Action: In question 11, remove 'if the answer to Q10 is yes' so that people give views regardless of their answer to question 10.

14. TH moved on to discussing a new section added in the consultation regarding obligations on users to raise claims and for National Grid to investigate within a defined period. GP suggested that National Grid should filter in the first instance and compare with historic claims. GP added that if the user does not agree with the decision then it could go to an appointed Panel for further consideration, but noted that there have not been any significant issues to date with National Grid dealing with the claim. RT suggested that a minimum threshold could be put in place for claims but SC expressed a concern that small generators may be penalised as they will generally have smaller claims. NF argued that if a generator is paying TNUoS then they will generally not be a small party anyway.

Action: Section 3.5 – Q.13. Change to a) Do you think NG should deal with the claim? b) Do you think it should be within 60 days, or another amount?

Action: Look at having a minimum claim threshold in the interest of efficiency.

15. TH advised the group that he would make the necessary changes to the consultation in light of the discussions today and would send out next week.

Action: Update report and send out to group on 13th September for comment by 20th September. Issue consultation on 23rd September for 20 working days.

16. EC advised the group that the meeting was scheduled for 6th October which was 4 weeks away rather than the usual 6 weeks, due to room availability. It was noted that there may not be sufficient work to discuss from National Grid's point of view in these timescales and the group agreed that it would be sensible to cancel the next meeting unless any member of the group highlighted an item for discussion that they wish to bring to the October meeting. EC confirmed that the next meeting was due to be held on 30th November 2011.