

**Minutes and Actions Arising from Meeting
Held on 29th September 2010**

Present:

David Smith	DS	Chair, National Grid
Emma Clark	EC	Technical Secretary, National Grid
Neil Rowley	NR	National Grid
Malcolm Arthur	MA	National Grid
Tariq Hakeem	TH	National Grid
Stephen Curtis	SC	National Grid
Raoul Thulin	RT	RWE
Ewan Stott	ES	Scottish Power
John Costa	JC	EDF
Garth Graham	GG	SSE

Apologies:

Chris Proudfoot	CP	Centrica
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1 Introductions

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

2 Approval of Minutes

The minutes from the previous meeting held on 25th August 2010 were APPROVED.

Action: EC to publish minutes on National Grid website

3 Update on review of CAP76/CAP48/CAP144 Payments

TH reminded the group of the actions from the previous meeting:

Produce summary table of payments and include clarification of different payments, what qualifies and the volumes.

Clarify compensation for SBP (System Buy Price) and include example to help understanding under each CAP48/CAP144.

Review Legal text for CAP48 and CAP76.

TH provided the group with handouts detailing compensation summaries for each CAP (48, 76 and 144), example payment scenarios for CAP48 and the relevant CUSC text, and CAP76 relevant CUSC text.

MA led discussions around the differences between the relevant transmission access compensation mechanisms. GG noted that it is right to identify if there should indeed be differences between the payments. MA felt that CAP48 and 144 should be treated the same and therefore should be consolidated. GG felt that the £400k fixed fee gives an economic signal. GG noted that intertrips have been accepted in the past on the basis that some form of fee would be paid, and that if the choice was to no longer compensate generator damage, then it would be questionable if a party would agree to

installing Category 2 or 4 Intertripping Schemes. MA highlighted that the £400k fee was for the market risk and potential plant damage risk. MA asked the group how the risk of plant damage could be costed.

NR queried if it is a cheaper connection for an intertrip on CAP76 and MA responded that Category 1 is definitely cheaper but that Cat 1 intertrips do not receive any trip compensation. GG noted that the other categories do not necessarily result in a cheaper connection.

GG added that the distinction between CAP48 and CAP76 is around choice. SC queried the nature of this choice. GG added that information had recently been provided to the CUSC Panel that around two claims a year were made on CAP48 incidents that required investigation.

JC highlighted that the issue with the £400k fee is that it is going on a 'one size fits all' basis and this is not the case with generators as they are often significantly different. MA asked the group how it could be changed to better reflect costs. JC suggested that the costs could be standardised for different types of generators. GG suggested that the cost of plant damage could be done on a claim by claim, per unit basis. JC added that a post-event compensation scheme to reflect the costs of plant damage caused by the intertrip could be implemented that would better reflect the actual costs.

Action: NG to look at what the post-event claims process is in the BSC.

DS noted that investment decisions regarding whether to install an intertrip without certainty of costs could be difficult. GG pointed out that the BSC covers the process for claiming a certain amount of money.

MA asked the group if they were in agreement that compensation mechanism for CAP48 (unplanned outages) and CAP144 are the same, to which the group agreed. RT asked if CAP48 covers unplanned and MA responded that it did. TH noted that unplanned is not defined and SC added that various definitions, were subject to interpretation. SC continued to discuss the question of when does something become unplanned, and how much notice should be given for planned, and highlighted that it would be of benefit to everyone if the definitions were clearer.

Action: TH and SC to look at definitions for planned and unplanned and bring forward the proposed clarification in the Code.

Action: TH to investigate the reasons behind the Authority's rejection decision regarding post-event claims from previous modifications.

4 Update on review of CAP169

NR presented on the review of CAP169 and discussed the action from the last meeting regarding reviewing the operational impact of the current baseline and added that National Grid would like to review its position. SC added that this would entail finding out the number of embedded generators that have been instructed. SC added that there have so far not been any official notifications of restrictions received from DNOs and that a formal paper needs to be compiled in order to assess the impact and any security issues.

NR stated that an operational review is important for National Grid in terms of managing the system. RT suggested that an amendment could be raised now which only applied the network restriction where an embedded large generator could not be instructed to a zero mvar position. There was general discussion on whether this proposal should be raised at this point in time. RT added that he did not believe that there would be circumstances in which the amendment suggested would be regarded as contentious. RT added that there should be a separate amendment on pricing and noted that this may require a greater level of discussion and that a Working Group would most likely be required. DS agreed that this seemed a sensible way forward and NR agreed.

Action: NG to propose CUSC Amendment

Action: Pricing Amendment to be put on hold

NR moved on to discuss the second action from the previous meeting regarding the Large Embedded connection process and the implications associated with the user choice. NR advised that no responses had yet been received with regard to this due to the timescales and suggested rolling this action over to the next meeting. The group agreed to put this action on hold.

5 Offshore Reactive Issues

NR gave a presentation on Offshore Reactive issues. When discussing the comparison of operating costs, NR noted that the generator is required to pay for maintenance costs themselves and that the CUSC depicts what the default price should cover. In concluding the presentation, NR noted that the BSSG is tasked to review this issue in its Terms of Reference. GG suggested compiling a short paper to circulate to the offshore community and then feed back to the group. DS noted that the issues need to be highlighted and debated. GG suggested outlining the issues in the paper and detail how the group believes the arrangements work. GG proposed having the paper ready for approximately 3 weeks time, which gives the group 1 week to review it before the next BSSG meeting.

Action: NR to compile consultation paper on Offshore Reactive issues and circulate to group for comment in preparation for next meeting.

6 Relevant updates

MA ran through some recent developments including the status of CAP182 (Provision of Frequency Response from DC Converters) and advised that this had been put on hold whilst a further information on the impact of the changes for interconnectors is discussed with DECC and Ofgem. MA also advised that the BSC equivalent – P259 has progressed through to the Final Modification Report and has been issued to the Authority for a decision.

7. Next Steps (future meetings)

DS advised the group that the next meeting is planned for 10th November 2010 at National Grid House, Warwick.

8. AOB

No AOB