

**Balancing Services Standing Group
Interconnector Frequency Response Working Group
Minutes from Meeting 3rd March 2010**

Attendees

Present

David Smith (DS), National Grid – Chair
Bushra Akhtar (BA), National Grid - Technical Secretary
Neil Rowley (NR), National Grid – IC Frequency Response Proposal Lead
Simon Tweed (ST), Eir Grid (teleconference)
Claire Maxim (CM), EON UK
Garth Graham (GG), SSE (part meeting teleconference)
John Lucas (JL), Elexon (teleconference)
Paul McGuickin (PM), Moyle Interconnector (part meeting teleconference)
Mark Pearce (MP), National Grid, Business Development (part meeting teleconference)
Raoul Thulin (RT), RWE
Simon Lord (SL), First Hydro Company (teleconference)
Rob Smith (RS), BritNed
Camilla McCorkell (CMC), EDF
Tom Derry, (TD), National Grid

Apologies

Mark Lane (ML), Eir Grid
Simon Mcveigh (SM), National Grid, Interconnector Frequency Response
Hannah Morgan (HM), National Grid, Network Operations
Paddy Larkin (PL), Mutual Energy
Rodney Doyle (RD), Eir Grid
Paul Mott (PM), EDF

1. Introductions

Tom Derry and Camilla McCorkell were introduced to the Standing Group. DS went over the agenda for the day and fire drill.

2. Approval of Minutes

The group were advised of the comments from MP and RT on the minutes from the 3rd February BSSG meeting. The group approved the changes. The group had no further comments and the minutes were approved.

Action 1: Update 3rd Feb 2010 minutes to include changes from PM and insert RT comment as a 'footnote'.

3. Interconnector Frequency Response Presentation

NR ran through the aims and objectives of the meeting and recapped the four key issues being considered by the group:

- ◆ Issue 1: Does the CUSC facilitate interconnector's (ICs) to provide Frequency Response (FR)?
- ◆ Issue 2 Would ICs be disadvantaged through the settlement process by providing FR?
- ◆ Issue 3 Are the CUSC Payment Methodologies appropriate for IC providers?
- ◆ Issue 4 What if there are mandatory FR requirements by both system operator?

Issue 1: Does the CUSC facilitate interconnectors (IC's) to provide FR?

NR updated the group that the CUSC legal text changes were being developed at the moment and will be circulated by the 19th March. Amongst the changes that are required NR pointed out to the group that the definition for De-load may also require a change as it does not include interconnectors (IC's) within the GC definition. The group discussed the definition of the term 'De-load'. RT questioned whether a Grid Code change was required as the CUSC definition of Deload is different from the Grid Code definition. NR suggested it could be clearer to all also include ICs within the Grid Code definition.

Action 2: National Grid to determine if the Grid Code definition for De-load needs to be changed.

NR asked the group if they were happy with how the solution is being progressed. And if they had any further comments. No further comments were made.

Action 3: NR to circulate legal text to the group for 19th March.

Issue 2: Would IC's be disadvantaged through the settlement process by providing FR?

Topic 1 – How would the BSC assign FR volumes?

JL ran through his draft Modification Proposal paper BSCP40/03 'Provision of Applicable Balancing Services Volumes for Interconnectors'. The modification proposal looks to address the issue of inadequate provisions for IC's to provide FR in the BSC. For example the potential Imbalance Charges that could be accrued by IC's.

The group were presented with two potential solutions:

Option 1 where the Transmission Company makes reasonable efforts to assign the ABSVD to the correct BM Unit.

Option 2 where the Transmission Company provides the Applicable Balancing Service Volume Data to the Settlement Administration Agent (SAA) for the IC and the SAA automatically assigns it to the IEA BM Unit that received the IEA Metered Volume (QMij) in accordance with T4.1.

JL recommended option 2 as a better solution primarily due to the benefits of option 2 being an automatic process and option 2 not requiring the IC to monitor whether the imbalance has been assigned to the right BM Unit. The rest of the group were asked for their feedback on best options.

NR stated from the National Grid prospective option 1 would be difficult to achieve as we don't have access to settlement metering so it is unclear if how accurate we could be. In addition to this it would be difficult to fit this within our existing processes.

DS summarised the key points and asked the rest of the group if they were happy with option 2 being the way forward? MP supported option 2 as it was better to have an automated solution over a manual one. SL also supported option 2 for the same reasons as the manual process (option 1) would introduce too many errors.

DS thanked JL for presenting the options to the group.

Action 4: JL to look at implementation cost of developing the solution and provide this to the group before the next BSSG.

Topic 2 – How would National Grid calculate FR volumes?

NR presented the positives and negatives of the two options discussed at the last meeting.

RS commented that there wasn't strictly a MEL equivalent for ICs in that they can not restrict capacity unless due to technical reasons or unless a TSO restricts the capacity (via the use of an intraday limit). DS noted that according to the European Constraint Management Guidelines (CMGs) the use of an intraday limit can only be imposed due to security of supply reasons. DS also noted that the use of a MEL equivalent for ICs would not reflect any intraday limit in the same way a generator would not reflect any transmission constraint restrictions.

RT pointed out that contracts and ABSVD don't currently mention the use of Stable Export Limit (SEL).

Action 5: NR to confirm the use of SEL and investigate how it relates to the Mandatory Service Agreement.

In comparing the two different options, there was general agreement that it wasn't necessary to obligate ICs to provide additional capacity parameters than will be available anyway. However, the group believed that it is important to ensure that parties wishing to compete within the frequency response market have visibility of the parameter being used, as would be the case of

any other provider. Furthermore the group felt that the relevant data should be accessed from the one location, i.e. the parameters being used for IC FR volume calculation should be published with the parameters being used for other providers.

The group agreed that as the data is held on the BMRS, it should be considered how the BMRS can accommodate the additional IC parameters. JL informed the group that a modification would be required to accommodate this.

Action 6: JL to review BSC option and report back.

Actions from last meeting

NR ran through the remainder actions of the last meeting:-

Action 1 – NR to examine whether the Grid Code in effect explicitly defines an IC. The Grid Code defines an IC as a DC Converter Station which in turn is defined as one or more Onshore DC Converters connecting the NGET Transmission System or to a User System and shall form part of an External Interconnection. NR stated that he believed this definition could only refer to ICs. CM remained uncertain as to this definition didn't also capture offshore Power Park Modules.

Action; NR to confirm this definition is only applicable to ICs

Action 3 - NR to find out how the DC Converter FR obligation relate to Offshore and Power Park Modules?

This was already covered in Action 1 therefore the group agreed to move on.

Action 2 - NR to obtain a legal view on whether ICs are prohibited from providing FR

NR pointed out the National Grid view that IC's are not prohibited from providing FR. NR emphasised that this was National Grid view and that parties were free to take their own legal advice.

RT pointed out a concern that the current situation appears to 'trading energy'. RS enquired as to where this left the group. DS responded that the work will continue on the basis the FR can be provided. If any party felt that, in their opinion, ICs are prohibited from providing FR then they should raise this with Ofgem as ultimately they will need derogation from Grid Code.

IFR Terms of Reference

NR ran through the IFR TOR objectives with the Standing Group to assess the progress the group had made. The group agreed that the TOR were being met.

DS ran through the next steps with the group:-

Action 7:

- To circulate Working Group report and meet again on week commencing 12th April to finalise before the CUSC Panel meeting.
- April 30th Submit Working Group report to panel for 30th April
- Raise CUSC Proposal for May.

4. BSSG Terms of Reference

DS ran through the general BSSG TOR and updated the group on the initiation of the Commercial BSSG. It is envisaged that the Commercial BSSG will run on the same day as the BSSG.

BSSG TOR

DS ran through the TOR of the BSSG group: The objective of the BSSG is to review the contractual arrangements for the procurement of Balancing Services as set out in the CUSC.

DS requested any comments on the BSSG TOR by 17th March and following any comments would seek approval from the CUSC amendments Panel at the March meeting.

Commercial BSG TOR

DS ran through the objective of the CBSG:

- ◆ Review and develop contractual arrangements for procurement of Commercial Balancing Services, i.e. those not defined in CUSC
- ◆ Focus on increasing new service provision, facilitating competition and transparency

RT suggested the CBSG run before the main BSSG to enable those who want to also attend the BSSG to stay on.

The group discussed how the new group would provide an important focus on Constraints management and as such the involvement of Ofgem would be useful.

Action 8: National Grid to speak to Ofgem highlighting the view that BSSG feel their representation would be useful.

Action 9: DS to update TOR and circulate to the group and then publicise via the Ops forum. National Grid to organise first CBSG for April.

5. Outstanding actions from last meeting

There was one action outstanding from the last meeting which NR ran through. National Grid had an action to investigate whether individual response energy pricing could be accommodated (NG has previously stated this is not possible). NR stated that there is no change in the position.

5. Next Steps

DS summarised next steps, to organise a BSSG and CBSG meeting for April and for NR to finalise the working group report with the potential of reporting back to the CUSC Amendments Panel in April (i.e. a month early). .

GG also suggested organising future meetings.

Action 10: arrange a BSSG and CBSG meeting for May.

5. AOB

No AOB