

BSSG Notes & Actions

6 June 2007

1. Attendees:

Duncan Burt	Chair
Ben Sheehy	EoN
Craig Dyke	National Grid
David Fernie	SSE
David Scott	EdF Energy
Dewi ab Iorwerth	Centrica
Graham Hathaway	National Grid
John Duncan	Drax
John Perkins	National Grid
Katy Jacks	Drax
Malcolm Arthur	National Grid
Phil Hinksman	RWE
Phil	Drax
Raoul Thulin	RWE
Rob Rome	British Energy
Simon Lord	First Hydro
Twewah Marfo	Ofgem

2. Frequency Response Discussion

Data

Overriding comment from industry participants are that receiving the latest utilisation data as early as possible was important. This would aid in developing monthly submission of prices.

David Scott suggested publication each of the data each Monday. The alternative would be to publish what we could of the previous month ahead of the submission deadline (we could do this using validated data or more up to date but using un-validated data).

Action: MA to develop proposal. If required, bring forward CUSC (or other) proposal asap if quick and easy to do.

Provision of BM costs of providing frequency response headroom / footroom
Currently provide BOA volumes as part of the FFR report. Consider providing the cost of these BOA volumes on a monthly resolution.

Action: GH to provide draft example.

General request to consolidate information on response procurement so procurement of all competing products is displayed in the same place.

Action: GH to consider. New web site design may provide some benefit.

Provision of real time information.

The aim is to provide the market with the information of what was dispatched, when and in what mode. This would help the market understand why units may have been selected to provide response. One potential option is to provide real time information on what units are selected to frequency response.

Action: MA to look at the potential cost of supplying information using past examples. Consider providing a 'market info' type report on the BMRS.

Increase in frequency of price submission and submitting prices for different periods

Due to legacy IS systems used by National Grid to dispatch response, there is a limitation on the number of price changes that can be used by the current system.

General view from the group was that due to the complexity in changing the current tools there was more benefit in providing increased transparency of information.

However, National Grid should consider improving the current tool to facilitate the increased of price submissions.

Action: GH to consider what can currently be accommodated.

Energy Deliver Payments

One reason used by Ofgem when agreeing CAP107 alternative was that it was quick to implement. The proposed ideal solution would have taken considerably longer to implement and therefore a compromise solution was implemented. It may be timely to revisit the 'ideal' solution and determine if and when it could be implemented.

Action: GH and MA to consider what can be achieved.

Non-delivery

Although the rough estimates of the size of the problem (£2 million per annum) were considered a reasonably large figure, the complexities of developing a robust and mechanism to enforce and penalise poor performance was considered to great for the size of the problem.

Any attempt to enforce performance would need an improvement in the modelling of the delivery of the service under normal dynamic conditions (i.e. the current response matrix doesn't represent the second by second output very well) and incident based analysis was not considered adequate.

One method that was suggested to help participants better understand our dispatch decisions was to publish a list of units on 'warnings', self-excluded units and units that are excluded/derogated. This would help participants better understand our dispatch decisions – and may also help name/shame particular units.

Provide a similar SIR process for response poor performance.

Action: MA / JP to look into progressing.

The new method of enforcing the Grid Code requirements implemented earlier this year should be bedded in to see if it has an impact prior to any detailed discussion on potential penalties.

Action: MA to monitor ongoing issue with non-delivery.

Separation of procurement of LF and HF products

Two methods of pursuing the separate procurement of low and high frequency products were discussed. One method favoured by some attendees was to use

the FFR process to publicise and procure separate services. This would not require a change to the CUSC.

The other method favoured by the group was to update the CUSC to include the separation of the low and high products. This would also require a change to the bi-lateral contracts. There may also be issues with the National Grid's IS tools that would need to be resolved prior to implementation.

Action: MA / GH to look at the how much HF is currently 'over procured' due to the current arrangements.

Action: GH to look at the current IS system to indicate what changes may be required.

Action: JP to consider updating the FFR tender info to focus more on procuring separate low and high products through the tender.

3. Reactive Reactive

Craig Dyke gave a reactive presentation at the Ops Forum partly initiated by an action from the previous BSSG meeting. This addressed a number of the questions raised at the first meeting.

Tender process

Main point from the group was that the current tender process is complicated. A more streamlined process may encourage more participation.

Consider improving the price indexation in the tender process.

Framework Agreement

Current arrangement allows generator to withdraw tender / not sign agreement if capability changes or default price rises. A default framework agreement would remove this feature. Result would be a reduction in the overall timescales. However, there would be a perceived increased risk to the company tendering.

One suggested solution is to allow default prices to change. This would allow the accepted tenderer to alter submitted prices to reduce lost opportunity risk. However, the same rule would have to apply to those tenders who were rejected as effectively the tender process has been restarted.

Timescales

There were two main issues with the current contract timescales. The current contract start dates are in April & October. As these are usually times of changing power prices and uncertainty, could these dates be changed?

Also some attendees thought that a minimum 12 month contract was too long due to uncertainty over that period over future energy prices that directly impact upon the default price.

One alternative is to have a monthly tender process.

Action: CD to consider monthly tender process

Action: CD to consider improving indexation in the tender process

Action: CD to look at the assessment process to see if there is anything that can be sped up.

4. Next meeting

To be arranged late June / early July.