



Ian Pashley
Electricity Codes Manager
National Grid
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

E.ON UK plc
Westwood Way
Westwood Business Park
Coventry
West Midlands
CV4 8LG
eon-uk.com

Guy Phillips
T 02476 183531
guy.phillips@eon-uk.com

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Re: Open Letter on BELLA participation in the Balancing Mechanism

Dear Ian,

Thank you for the opportunity to respond to the questions in National Grid's Open Letter, which follows on from the discussions within the Commercial Balancing Services Group. In the Open Letter National Grid highlights its desire for more visibility of licence exempt embedded generation in the Balancing Mechanism and as a company we are actively seeking how this can be achieved without potentially significant changes to our distribution connection arrangements and wider obligations.

We do not believe any changes are required to the industry codes and associated balancing arrangements in order for a generator with a BELLA to participate in the Balancing Mechanism. We think sections 6.7 and 6.8 of the CUSC, linking to CC.6.5.8 of the Grid Code and in turn Section L of the BSC are already sufficient. In addition clause 5.2 of the CUSC generic BELLA allows for this class of licence exempt generation to be a BM Participant, where it is reasonably required for the generator to comply with BC1 and BC2 of the Grid Code, which in our experience is often the case.

Whether a generator then chooses to actively participate and how is a matter for the generator. As is recognised in the Open Letter there are broadly two mechanisms for doing so, either in CVA, in which case the BELLA has to transfer to a BEGA, or through a Supplier in SVA as an Additional BMU to the Base BMU.

It is important to maintain these avenues for unlicensed embedded generation in order to maintain equal treatment and opportunity for all generators of this class. Whilst the BELLA primarily relates to Large Licence Exempt embedded generation in Scotland, it does not include Small or Medium power stations, which may also seek to participate in the BM through a Supplier.

E.ON UK plc
Registered in
England and Wales
No 2366970
Registered Office:
Westwood Way
Westwood Business Park
Coventry CV4 8LG



In our view the question of appropriate access rights is an entirely separate matter from the ability of a licence exempt embedded generator to actively participate in the BM.

Where a licence exempt embedded generator wants to actively participate in the BM, it is recognised that the User will need to meet relevant technical obligations, including provision of certain data to National Grid to enable the System Operator to make informed decisions about utilising the embedded generation in the BM. In order to do so it may be necessary for a User to enter in to an Interface Agreement with National Grid to cover the installation of equipment associated with EDL. This is perhaps already enabled through CUSC section 6.7.3.

We hope you find our response of help and we would be happy to discuss with you any aspect of our response further.

Yours sincerely

Guy Phillips
Grid Interface Executive