

**Minutes and Actions Arising from Meeting
Held on 27 July 2011**

Present:

David Smith	DS	Chair, National Grid
Emma Clark	EC	Technical Secretary, National Grid
Shaf Ali	SA	National Grid
Tariq Hakeem	TH	National Grid
Steve Curtis	SC	National Grid
Nigel Fox	NF	National Grid
John Costa	JC	EDF Energy
Guy Philips	GP	E.ON
Garth Graham	GG	SSE
Lisa Waters	LW	Waters Wye (via teleconference)
Simon Lord	SL	FHC (via teleconference)

Apologies:

Chris Proudfoot	CP	Centrica
Raoul Thulin	RW	RWE
Sam Wither	SW	UK Power

1 Introductions

Introductions were made around the group. DS went over the agenda for the day and facility arrangements.

2 Approval of Minutes

The minutes from the previous meeting held on 2 February 2011 were APPROVED. It was noted by the group that in future, where there are long gaps between the meetings, that the minutes should be approved via email in order to publish on the web in a more timely manner. It was agreed to include this clause in the updated Terms of Reference.

Action: EC to publish the CBSG minutes on the National Grid website

3 Review of Terms of Reference

DS ran through the changes that had been incorporated into the updated version of the CBSG Terms of Reference that had been sent out to the group via email for discussion. This was following an action from the previous meeting to include further topics for discussion and also a number of improvements around the governance of the CBSG and the BSSG suggested by JC.

GG suggested that under Paragraph 4 of the Terms of Reference, a note could be added to recognise that Ofgem may attend the meeting as an observer. DS agreed to include this reference in.

JC requested that under Paragraph 2, text is added to recognise the bilateral agreements that National Grid has with regard to making decisions of what changes are made to commercial balancing services.

Action: EC to update Terms of Reference and circulate to the group.

4 Progress Updates

SA provided the group with updates for several topics that are currently ongoing:

Zonal Alignment

TH advised that a review group had been established by ELEXON to review the alignment of BMRS / OC2 and SYS zones. The main objectives of the group was to determine whether the current number of BMRS zones is appropriate and to look at whether these should be aligned with the number of OC2 zones or SYS zones, or whether a different number of zones would be more appropriate. TH advised the group that the consultation had been issued on 1st July 2011 and had closed on 22nd July and that 8 responses had been received. TH gave a summary of the responses which were broadly supportive of aligning the current 5 BMRS zones with the 17 SYS zones. TH advised the group that the next step was to produce a report which would be presented to the BSC Panel in August 2011. TH informed the group that if the recommendation to move to 17 BMRS zones is approved, then the changes could be implemented this year as no BSC Modification is required.

Generation and Transmission Outage Coordination

SA informed the group that this subject was being progressed and will be taken to the Grid Code Review Panel at an appropriate time. SA reminded the group that this follows BSC Modification P243 which was approved in January 2010 and sought to publish additional information on generation availability at BMU level via the BMRS. DS noted that this could potentially be quite significant and that time would be well spent obtaining the relevant data and quantifying the impact before taking the next steps. SL commented that only one side (i.e. impact on transmission outages) is being looked at and that generators who take outages may also be impacted. DS acknowledged this and advised that the costs to the System Operator need to be sufficiently justified before any changes are made.

Constraint Costs

SA advised that the methodology on ex-post constraint cost allocation was not ready to publish yet but that a document has been produced and was currently undergoing internal review. SA advised that the next steps are to circulate the document to the wider industry. GG suggested that it could be raised at the next Operational Forum in terms of visibility to enable maximum visibility of the paper, given the summer holiday period. SA agreed and also noted that it could be published in the ELEXON newscast.

Disclosure of information on constraint management services

SA reminded the group of the work that had been carried out via the CBSG on the transparency of constraint-related information and the development of constraint management services. SA advised that only a small number of responses were received to the consultation issued in November 2010 and as a result it would be pragmatic to discuss this issue further through the CBSG, particularly in order to gain views on the more sensitive information such as bilateral contracts with confidentiality clauses and possibly re-consult on

some areas. SA advised that National Grid had been carrying out internal work to look at progressing this issue via NGET's licence and will continue to do so.

NF brought up transparency of information for tenders and GG highlighted a concern that the pricing information for his company is published but that the recently awarded Walpole contract pricing was not published. NF advised that this was bilateral because only a single party was capable of providing the service. GG noted that this was acceptable but that it needs to be made clearer. SL highlighted an issue with the competitive process and asked if it was possible to disaggregate the amount spent on the tender process. NF noted that from time to time National Grid seeks to trade bilaterally with parties and there may be a reluctance for these parties to make their prices public. SL commented that it would be useful to separate the total spend by bilateral tender and get visibility of how much is spent via the tender approach and by non-tender.

SA advised the group that further work would be carried out internally on the subject of disclosure of information and that Ofgem could be engaged in the work. SL suggested that the licence change route should not be taken. GG suggested publication of a percentage figure over a year between bilateral and tendered services. JC advised that in the gas industry an average is taken using the highest and lowest price and that there is no geographical split. GG responded that in electricity all parties and prices are shown.

Action: NF to look into disaggregating total spend by bilateral and tenders, and consider a yearly post-event publication.

SA highlighted that consideration needs to be given to the restrictions under Section 105 of the Utilities Act 2000 when publishing confidential information and also to the European Commission decision on the European Transparency Guidelines.

Action: SA to circulate the link to European Commission consultation on European Transparency Guidelines. (Completed. Link circulated to the CBSG on 28 July 2011).

5 AOB

SL raised an issue regarding the timing of when information is available for Tender Round 15. SL advised that the timescales cause a problem, in the way that they have 10 days to look at the information and the result and National Grid has 5 weeks to publish the results. SL requested that the tender date is pushed back by a week or so. LW expressed her support for this request. NF advised that National Grid is endeavouring to obtain the market information for Tender Round 14 early but noted that this issue was consulted on last year and that there is a large amount of work that National Grid has to do on the tenders, which is why the 5 weeks is required. SL advised that his main concern is that the level of change that the market has gone through recently now requires a lot more work and it is therefore extremely difficult to complete the work in 10 days, especially during the summer holidays. LW noted that smaller parties experience this challenge as they do not have the resources. NF advised that he will look into with the team at Wokingham.

Action: NF to discuss possibility of pushing back the tender date by 1

week.

LW asked National Grid if there will be updated thinking on the longer-term contracts as part of the October STOR Consultation. LW added that input from DECC could be sought on an overlap on STOR capacity mechanisms. DS noted that DECC had tried to differentiate between this in a recent white paper. NF commented that this issue should come under EMR as opposed to STOR. GG commented that clarification is required in this area and LW highlighted that parties have different understandings and therefore clarification is required from National Grid. NF agreed to make reference to National Grid's response to EMR in the annual STOR consultation. DS advised the group that National Grid will have to address this issue as part of its response to the EMR consultation.