

## Minutes

<b>Meeting name</b>	Commercial Balancing Services Group
<b>Date of meeting</b>	5 <sup>th</sup> June 2013
<b>Location</b>	National Grid House, Warwick

## Attendees

<b>Name</b>	<b>Initials</b>	<b>Company</b>
Mike Edgar	ME	Chair
Louise McGoldrick	LM	Technical Secretary
Andy Walden	AW	National Grid
Rebecca Yang	RY	National Grid
Raoul Thulin	RT	RWE – Teleconference
Campbell McDonald	CM	SSE
Cem Suleyman	CS	Drax - Teleconference
Guy Philips	GP	E.ON
Lee Taylor	LT	GDF SUEZ Energy UK – Europe
Simon Lord	SL	GDF SUEZ Energy UK – Europe
Lisa Waters	LW	Waters Wye – Teleconference
Christopher Proudfoot	CP	Centrica
Joe Warren	JW	Open Energi
Stephen Galsworthy	SG	Open Energi
Hannah Mckinney	HM	EDF

## Apologies

<b>Name</b>	<b>Initials</b>	<b>Company</b>
Paul Killian	PK	Eirgrid

All presentations and supporting papers for the BSSG meeting can be found at:

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/>

## 1 Introductions/Apologies for Absence

1. The Chair had welcomed the group made introductions and apologies were noted as part of the earlier BSSG meeting. The Chair noted that there were no changes for attendees for the subsequent CBSG meeting.

## 2 Commercial Rapid Frequency Response Service

2. The Chair noted that the CBSG meeting had followed on from the BSSG meeting where the Rapid Frequency Response service had been discussed. The group considered whether anyone would invest in a commercial rapid frequency response service due to the mandatory elements of the service. RT asked whether inertia should be considered. ME noted that 'rapid' frequency response may not necessarily resolve the inertia issue but agreed that frequency response and inertia needed to be considered together by the System Operator.
3. AW stated that there would be a need to procure a 'rapid' frequency response service ahead of any Mandatory obligation at certain times of the year and that a procurement mechanism will be needed to facilitate this
4. AW asked the group whether there were any views on commercial procurement options for the service and SL suggested that there may be a need for a capability payment. It was suggested to define 'rapid' frequency response service first to enable an effective commercial procurement discussion.

## 3 Firm Frequency Response Procurement Development

5. AW gave a presentation on Firm Frequency Response Procurement Development and outlined the FRWG recommendation that the existing commercial frequency response arrangements are going to be further developed to provide a weekly Firm Frequency Response tender. In addition to the FRWG recommendation, it is intended to do a general review of the procurement terms to ensure the service continues to meet National Grid's requirements and that consideration should be given to an electronic process. ME invited views from CBSG members.
6. Support was given by the majority of CBSG members for development of a weekly tender and an electronic tender process with the following points being raised:
  - National Grid would not have to manually translate information.
  - An offline spreadsheet process would be no longer feasible for a weekly process.
  - An electronic authorisation process may be required for Users to replace the paper based mechanism of dual signatures.
  - FFR could, potentially, be more competitive with a better understanding of constraints.
  - Electronic tendering was already available in STOR
  - Concerns that the new FFR would compete with the current monthly tendering process leading to issues with pricing and distorting the market. Other members suggested that the market should be liquid and drive the correct price response.

- More frequency tendering for FFR could cause competition issues if the mandatory service is still priced monthly.
- An increase in the amount of FFR procured through have more frequency tendering could distort the energy market by subsidising units to run when they would otherwise be uneconomic.
- If parties are unable to deliver frequency response in the Mandatory market then this would be the only route to market.
- Members asked when in the week the tendering process would run, and how the process would take account of bank holidays. It was suggested to confirm the weekly tender result by Thursday so that suppliers have enough time to trade their position in the market.
- It was also noted that any electronic system would benefit from an input and approval process by market participants to facilitate internal governance.

#### 4 Any other business

7. LW had an issued that some generators did not receive the invite for the constraint tender. ME requested that the specifics be sent to AW and ME.

**Action: LW to send the list of the generators to ME & AW**

**Post Meeting Update:**

Action has been completed and the generators have been included in the distribution list for future Balancing Services tenders.

8. CP advised that, at a recent Operations Forum, Duncan Burt had stated that 3 reactors had been procured. Separate to the CBSG CP posed the following question; what is National Grid doing to minimise costs associated with managing overnight volts?

**Action: RY to provide an update**

**Post Meeting Update:**

In order to manage system voltage economically and effectively, National Grid has been investigating a number of options taking into account technical, operational and commercial aspects of this issue.

National Grid has a dedicated team planning the short term voltage management actions and studying the long term trend. In addition, National Grid has commissioned a number of research works to study the interaction between demand level and system voltage to help identify ways to manage this issue in the future.

A series of operational actions have been undertaken to optimise the utilisation of our asset in order to maximise the MVar provision and minimise MVar drainage on the system for over night. In the meantime, National Grid is also exploring commercial tools such as tendering for enhanced reactive power service and a specific overnight summer service (DRIVE).

## 5 Next Meeting

9. The next CBSG meeting will be held on 24th July 2013 at National Grid's offices in Warwick.

Note: since the CBSG meeting the 24<sup>th</sup> July 2013 has been postponed and the next meeting will take place on the 4<sup>th</sup> September.