

Minutes

Meeting name	Commercial Balancing Services Group
Date of meeting	7 th March 2012
Time	10:00 – 12.00
Location	National Grid House, Warwick

Attendees

Name	Initials	Company
Shaf Ali	SA	Chair
Louise McGoldrick	LM	Technical Secretary
Ivan Kileff	IK	National Grid
Steve Lam	SL	National Grid
Sarah Owen	SO	Centrica
John Costa	JC	EDF – by teleconference
Cem Suleyman	CS	Drax
Raoul Thulin	RT	RWE
Guy Philips	GP	E.ON
Mark Siddle	MS	2Cenergy
Allan Kelly	AK	Scottish Power Renewables – by teleconference

Apologies

Name	Initials	Company
Lisa Waters	LW	Waters Wye
Zoltan Zavody	ZZ	Renewable UK
Garth Graham	GG	SSE
Mike Edgar	ME	National Grid
Tim Truscott	TT	National Grid

1 Introductions/Apologies for Absence

1. SA advised that, in the absence of Mike Edgar the CBSG chair, he would chair the meeting.

2 Minutes from previous meeting

2. The draft minutes of the Commercial Balancing Services Group meeting held on the 18th January 2012 were approved with minor changes to actions 1 and 2 and will be made available on the National Grid Website.

3 Review of Actions

3. **Action 1:** *Where confidentiality issues are not prejudiced, all to advise NGET of generic PPA terms that might preclude or hinder participation in the Balancing Mechanism. NGET to draft the key generic terms on an anonymous basis.*

Action 2: *Await outcome of Renewable UK and Scottish Renewables February meeting*

Update: SL confirmed that no information had been received by NGET relating to generic Power Purchase Agreement (PPA) terms and this action was being taken forward within the joint Renewable UK and Scottish Renewables meeting. AK advised that Scottish Power Renewables PPAs do not have any restrictive clauses which might preclude participation in the Balancing Mechanism (BM) but agreed that other parties PPAs may do so. As a member of the joint Renewable UK and Scottish Renewables meeting, AK confirmed that Renewable UK had spoken to third parties about PPAs but such parties are hesitant in putting forward generic PPA terms as these are viewed as confidential. In conclusion, although it was considered that PPA terms can hinder participation within the BM, no generic templates could be developed due to the diversity of terms within the PPAs and the reluctance from parties to publish these. CBSG agreed to close the action but Renewable UK and Scottish Renewables would provide a regular update to the CBSG on the outcome of any discussions on PPAs.

Status: Closed

4. **Action 3:** *Check if C11 is taking forward work on Physical Notifications and, if so, await outcome of their discussions*

Update: SL confirmed that the Workgroup had been reconvened to discuss the Grid Code consultation C/11, which aims to relax obligations on intermittent generation to follow their Physical Notification, however the meeting was inconclusive. SL stated that following this meeting, a paper was circulated by National Grid to all the C/11 Workgroup members. This outlined a new proposal whereby an intermittent generator would not be requested to follow their PN unless it was required for system reasons, at which point a bid offer acceptance (BOA) would be issued. SL stated that subject to agreement by the C/11 Workgroup, this paper would possibly be presented at the Grid Code Review Panel (GCRP) in March 2012. AK stated that he would provide comments on the paper. SL noted that a further Workgroup consultation may go ahead in April/May but this would be dependent on the responses received.

Status: Closed

5. **Action 4:** *NGET to investigate whether undue discrimination is appropriate for wind power forecast output data or other Grid Code data.*

Update: SL confirmed that C11 is proposing to relax Grid Code obligations for wind to follow their PN and that due discrimination is appropriate for such plant as discrimination only occurs when the same plant is treated differently. Wind generation is sufficiently different to conventional generation and that the Balancing Principles Statement currently allows for nuclear generation to be treated differently. GP commented that we are moving towards intermittent generation and that we need to look at ways of managing it.

Status: Closed

6. **Action 5:** *Suspend Deemed Output issue and await discussions in EMR*

Status: Ongoing

7. Actions 6, 7 and 8 are covered under agenda item 4 Balancing Mechanism Participation

Action 6: *All to outline case study examples to NGET of the operating behaviour and willingness/unwillingness to participate in the Balancing Mechanism and set out the existing means of communicating this (e.g. through high bid/offer prices).*

Status: Closed

Action 7: *NGET to consider potential options within existing framework and highlight areas where clarity is required or improvements might be made.*

Status: Closed

Action 8: *NGET to provide analysis of bid/offer price trends from Wind Farms since September 2011.*

Status: Closed

8. **Action 9:** *Set out the basis of distribution network access and constraint /control provisions and any interaction with payment provisions.*

Update: DNO options for demand control were discussed by the group but due to the contractual relationship with the DNOs and the potential complexity of the options it may not be appropriate for the CBSG to consider. SL stated that there are no provisions within the codes to allow National Grid to control the output of embedded generation which is not visible to the system operator as this is generally managed by the DNO. The group agreed to close this action.

Status: Closed

The group discussed embedded (BELLA) generation and reiterated that a generator has a choice, in that they can have a BELLA and not participate in the BM. In the event that the generator is subsequently taken off the system by an Emergency Instruction the generator would not receive any compensation. GP mentioned that the Balancing Services Code (BSC) K3.3.1 may provide a route for a BELLA to register an additional exempt export BM Unit as Supplier Volume Allocation (SVA) and therefore allow them to participate within the BM as it still meets clause 2.4 of the BELLA. NGET agreed to investigate this further.

Status: Open

New Action 11: **NGET to investigate the provision in the Balancing Services Code K3.3.1 to establish whether a BELLA can participate within the BM.**

9. **Action 10: Progress Dynamic Parameters issue under the Grid Code.**

Update: The group reviewed the Dynamic Parameters under the Grid Code to give a view as to whether they applied to intermittent generators. IK provided a run through of the parameters which the CBSG agreed that most of them applied, however, discussions were held around the two parameters; Notice to deliver Offers (NTO) and Notice to deliver Bids (NTB)

Notice to deliver Offers (NTO) and Notice to deliver Bids. IK stated that there is a requirement for a BM unit to deliver bid / offers within a notification time up to a maximum of two minutes. The group discussed whether this could be more flexible for wind due to technical difficulties. IK advised that by adding a further parameter for wind would make the balancing mechanism more complex and that existing generation had made investments to ensure that they complied with this requirement. IK also noted that emergency instructions should be complied with within 2 minutes. The group considered this needed further investigation and to establish whether there are any generators which do not meet the 2 minute requirement.

New Action 12: Establish whether there are any generators which do not meet the 2 minute requirement.

Minimum Zero Time. IK stated that he was unsure as to why wind generators required a minimum zero time and that this parameter would require further investigation.

New Action 13: Investigate whether wind generators require a minimum zero time.

Status: Open

3 Intermittent and Inflexible Generation in the Balancing Mechanism

10. SL outlined the Grid Code obligation which requires generators to provide a best estimate Physical Notification (PN) and advised that wind farms may have difficulties in providing an accurate PN and that a “power available signal” may be a possible solution to this issue. The group were supportive in principal of the “power available signal” but stated further clarification would be required for generators in respect of data requirements and specifications. GP and RT supported this proposal but recognised the difficulties in how data would be gathered from the wind farms. The group also agreed that there is further merit in exploring post event settlement and the interactions between settled output and PN requirements.

New Action 14: NGET to develop “power available signal” proposal in more detail and consider different scenarios to establish whether the “power available signal” should be used for settlement when the plant is generating above PN.

11. SL also advised the group of the potential cross over with work being carried out on high speed wind shutdown with the Grid Code and that a workshop is scheduled for the 4th April 2012 which would take place in Wokingham.

New Action 15: Circulate details of the 4th April workshop to CBSG members.

Post meeting note: Following the meeting the date of the workshop has been updated to 11th April.

4 Balancing Mechanism Participation

12. IK gave an overview on the bid prices and participation within the Balancing Mechanism and demonstrated how behaviour has changed over the last 6 months

where negative bid prices are becoming lower (more positive). IK also gave his view on how the prices would change with the application of a BM Participation flag.

13. Views were sought on the BM participation flag. SO felt that the BM participation flag would be useful as it would provide a signal that a generator did not wish to participate in the BM in the short term and as a consequence this should lead to lower negative bid prices. However, the group felt that the flag could lead to less competition between the non flagged generation leading to higher bid / offer prices. In addition following the implementation of TCLC the group envisaged that this would deal with the high prices. The group debated how the price stacks would change with the BM participation flag: for example the unflagged bids would be taken before the flagged bids, which could lead to inefficiencies as a flagged bid may be offering a more economical price than an unflagged bid., Secondly how the generators would bid to reflect the costs and risks that you would want to recover against signalling that you didn't want to be bid off. SL added that whilst he agreed that currently the only method of signalling reluctance to participate is through a high price, the implementation of the TCLC should prevent this being used as a signal in the future, unless the price could be justified.
14. The group agreed that, due to the expensive IT system changes for limited industry benefit and the increased control room complexity, this issue should not be progressed any further.
15. RT queried whether or not it would be possible to increase the transparency of forward trades as these may be undermining the BM mechanism. Following a discussion on what information is available NGET agreed to confirm what is being published on the Balancing Mechanism Report System (BMRS)

New Action 16: NGET to confirm what information is currently being published on the BMRS.

5 Any Other Business

16. GP raised an item regarding National Grid's plans on publication of non-BM participants STOR tender submissions and asked for clarification of what the next steps were. SA confirmed that National Grid were intending to consult with the industry during spring/summer of 2012.
17. LM confirmed that the next meeting was due to be held on 25th April 2012.