

## Minutes

<b>Meeting name</b>	Commercial Balancing Services Group
<b>Date of meeting</b>	7 <sup>th</sup> September 2011
<b>Time</b>	10:00 – 11.00
<b>Location</b>	National Grid House, Warwick

## Attendees

<b>Name</b>	<b>Initials</b>	<b>Company</b>
Nigel Fox	NF	National Grid
Emma Clark	EC	National Grid
Shaf Ali	SA	National Grid
Steve Curtis	SC	National Grid
Sarah Owen	SO	Centrica
Raoul Thulin	RT	RWE
John Costa	JC	EDF
Neil Stainton	NS	Scottish Power (via teleconference)

## Apologies

<b>Name</b>	<b>Initials</b>	<b>Company</b>
David Smith	DS	National Grid
Garth Graham	GG	SSE

## 1 Introductions/Apologies for Absence

1. NF made introductions around the group and advised that he was standing in for DS as the Chair of the CBSG.

## 2 Approval of Minutes from the last meeting

2. No comments were received on the minutes and they were approved.

**Action: EC to publish minutes on website.**

## 3 Review of Terms of Reference

3. The group had no further comment on the Terms of Reference and they were approved.

**Action: EC to publish updated Terms of Reference**

## 4 Review of Actions

4. NF advised that he had investigated the possibility of pushing back STOR Tender Round 15 Market Day by one week as suggested under AOB in the previous meeting. After discussions with the Assessments team at Wokingham it was not possible to do this, but it would be possible to publish Tender Round 14 Market Information Report a week earlier, thus giving three weeks between tenders.
5. SA highlighted that he had circulated the link to the European Commission consultation on European Transparency Guideline after the last meeting and informed the group that the consultation would close on the 16<sup>th</sup> September 2011. JC asked if NG will be responding to the consultation and SA responded that ENTSO-e will be formulating a collective response which will include input from National Grid. JC added that an element of CMP191 (NETSO Consultation in relation to any potential changes to the CUSC which takes place in forums other than the CUSC Modifications Panel) was to oblige National Grid to provide views and information on various aspects relating to the European Network Codes. JC suggested that the CBSG could be the forum in which National Grid expressed its views on this area. SA advised that the views had not changed from the response to the ERGEG Public Consultation on Fundamental Electricity Data Transparency which closed on 28 October 2010, and took an action to circulate the ENTSO-e response to the 2010 consultation. SA informed the group that the Joint European Standing Group (JESG) that had recently been set up was formed in order to facilitate information sharing of this nature. SA advised that he would look into including a discussion item on the European Commission's consultation on the agenda for the next JESG meeting which is due to be held on 12<sup>th</sup> October 2011.

**Action: SA to circulate ENTSO-e response to the ERGEG's 2010 consultation on Electricity Transparency Guideline** (completed. ENTSO-e and other responses circulated to CBSG).

**Action: SA to include agenda item for next JESG meeting on the European Commission's consultation on Electricity Transparency Guidelines.**

## **5 Update on Constraint Costs**

6. SA ran through the document on Constraint Costing Methodology and highlighted the four key stages of the methodology. JC queried if cash out price would be affected to which SA responded that it would, but that only around 1% of all constraint actions may have some discrepancy. NF added that at a recent Operational Forum it had been explained that the magnitude of the errors that affected cash out were minimal. SA confirmed that the methodology was a documentation of the current processes within National Grid and that the intention is to publish it on the website and also publicise it in industry newsletters such as the ELEXON Newscast.
7. RT suggested a minor change to Section 1.1 of the document where it refers to Pre-Gate closure BM unit Transactions (PGBT's), in that Schedule 7a trades are more relevant, so it would be more appropriate to refer to those than PGBT's.

**Action: SA to update report with Schedule 7a's.**

8. Under Section 2.1 on the direct cost of constraint actions, RT asked if there should be an assumption that there should be a constraint action that came out of a synchronising action. SA responded that further consideration needs to be given to synchronising actions. RT queried how MEL and SEL are taken into account and SA advised that further detail is provided under Section 3.2. RT suggested that clarification or a reference to 3.2 is provided in 2.1.

**Action: SA to clarify how MEL and SEL are taken into account in Section 2.1.**

9. NS commented that the document was very helpful. NS identified two areas of note: 1) regarding the tagging of bids in terms of an indirect constraint action ie tagging replacement actions, and 2) regarding how cheap pump storage offers in Scotland may be rejected in preference to southern offers. NS queried if there was a short coming of P217 (Revised Tagging Process and Calculation of Cash Out Prices). NS felt that the both these scenarios were as much a constraint action as anything else. SA responded that this issue may be dealt with by modifying the BSC as it links in with P217. SC pointed out that the second case could be a conceptual issue, in that if an exporting constraint limit results in a less competitive offer being taken outside the constraint group than might otherwise have been the taken in the event that the constraint did not exist, it perhaps is not obvious from a systems point of view that the action constitutes a constraint action. NS suggested that the volume of the issue is such that it merits further work, particularly given the prices of pump storage south of the border.

**Action: SA to liaise with NS to discuss further.**

10. SA advised the group that two options were available regarding the report, either that the methodology forms part of the CUSC so that changes can be raised, or that it sits in with the other C16 Statements (e.g. Procurement Guidelines and Balancing Principles Statement) in the Licence. SA expressed a preference for the methodology to reside in C16 as it is directly linked to System Management Action Flagging methodology under C16. SA also noted that the methodology does not impact BSUoS (Balancing Services Use of System) charges under the CUSC.
11. JC agreed that the methodology relates more to the C16 statements and added that he would be comfortable that National Grid would make the relevant changes in the licence if required. The rest of the group agreed. SA pointed out that any licence changes would be subject to an industry consultation by Ofgem.

## **6 AOB**

12. JC asked if there was an update on the BMRS work. SA advised that the BSC Panel had approved the BMRS Zones Review Report and the work had started internally to develop the IT changes and that the changes to the BMRS would be progressed by Elexon as part of the June 2012 release, with implementation planned for 28 June 2012. SA added that the key element was that the number of BMRS zones would be changed to 17 to align with the SYS (Seven Year Statement) zones.