

**Commercial Balancing Services Group (CBSG)
Minutes from Meeting 12th April 2010**

Attendees

Present

David Smith (DS), National Grid – Chair
Thomas Derry (TD), National Grid - Technical Secretary
Raoul Thulin (RT), RWE
Simon Lord (SL), First Hydro Company
Craig Dyke (CD), National Grid
Shafqat Ali (SA), National Grid
Rheka Patel (RP), Waters Wye Associates Ltd
Louise Schmitz (LS), EDF
Emma Clark (EC), National Grid
Chris Proudfoot (CP), Centrica
Jenny Sinclair (JS), SP (teleconference)
Dr Socrates Mokkas (DSM), OFGEM
Garth Graham (GG), SSE (teleconference)
Ian Nicholas (IN), EDF
Jonathan Scott (JSt), Rio Tinto Alcan (teleconference)
Joe Warren (JW), RL Tec (teleconference)
James Anderson (JA), SP (teleconference)
Mark Simes (MS), GDF
Alastair Martin (AM), Flexitricity Limited

Apologies

Phil Tomlinson (PT), Rio Tinto Alcan
Atif Raja (AR), Kema
Graeme Dawson (GD), Npower
Jan Devito (JD), Jade Energy
Chris Webb (CW), BOC
Andrew Sugden (AS), BOC

1. Introductions

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

2. CBSG Terms of Reference

DS outlined the Terms of Reference for the group and clarified that the governance procedures for this group are outside of CUSC. As BSSG looks at CUSC mandatory balancing services only, it is not able to be expanded to other commercial balancing services. It was also highlighted that non-CUSC signatories are not all to attend BSSG unless specifically invited by a CUSC party. Unlike BSSG there is no formal governance for CBSG however, the group will informally report to the Electricity Operations Forum and the CUSC

Amendments Panel. Minutes, agenda and presentations from meetings will also be provided on the National Grid website.

The group was supportive of Terms of Reference

3. Constraints

SA presented to the group on Information Provision and Constraints, after which the floor was opened for discussion.

Relating to constraints SL noted that it would be useful to have the real time boundary flows to provide users the information to know that there is an issue on the system and to alleviate constraints. AM commented that for non-BM parties it was very difficult to access and interpret data. AM also noted that more information appeared to be available on non-BM parties than BM parties, specifically referencing STOR. LS noted that currently SYS, BMRS and OC2 zones do not align and in order to interpret information available they need to align. SA noted that, under a BSC Issue, National Grid tried to align OC2 zones and BMRS zones previously as part of a bigger package of proposal but this was considered by the industry too costly and subsequently shelved.

DS asked the group to what extent providing this information would be useful. A number of members highlighted that it is difficult to quantify the value of such information but such transparency would potentially provide benefits such as allowing parties to directly offer innovative services to National Grid (rather than National Grid having to approach parties) and better understanding and alignment of generator and transmission outages. The group did acknowledge the potential gaming opportunities if such information was provided (where there are limited parties to resolve a constraint) but this needs to be weighed against the benefits.

DS asked the group to what extent this information could be found from existing information sources. SL commented that the information can be found and interpreted but you would need extensive industry knowledge to do this.

Action: National Grid to determine what information is possible to provide ex-ante / ex-post on boundaries.

Action: National Grid to look at feasibility of aligning boundaries with BMRS zones.

DS asked the group if it would be useful for Constraint and Intertrip contracts to be detailed past the GB level. GG noted that it would be useful if the true costs of constraints were broken down. The group discussed how they would like constraint costs to be broken down, this was summarised as the action to resolve the constraint (e.g. in respect of an export constraint reducing generation output), the action to balance the system following such action (e.g. in the example the replacement generation action) and finally, the cost of any generation margin that cannot be accessed as a result of the constraint.

GG also suggested that the constrain costs in E&W should be further split into information blocks which are similar in size to Scotland. DS noted that to date the cost allocation had offered a split between the main cost areas but noted that this year E&W constraint costs had increased which may be better served if reported in more detail.

Action: National Grid to investigate a methodology for breaking down constraint costs in such a manner.

CD noted that if more information was given it may help promote competition by making industry more informed about products and services available and their benefits. SL also noted that if more information was available to users around a constraint it may promote competition between the parties.

LS asked about the success of the Constraint Management Service (CMS) that used to be used. CD responded that service primarily dealt with small volumes and was not very useful for main constraints and National Grid were not getting the offers expected through the service. RT noted that on the positive side CMS gave good high level information on the constraint requirement to all parties. RT queried if the CMS service could be widened to offer a more transparent means of entering into constraint contracts.

Action: National Grid to investigate a wider use of the CMS for resolving constraints.

The topic of confidentiality arose in regards to information provision with DS highlighting that some parties may refuse to disclose information within their contracts. The fact that some parties were able to see other parties whilst not disclosing their own information was stressed by GG to be unfair and that if one party disclosed information then all parties would have to disclose the same. RT pointed out that contracts could have an information provision clause within them but that some information should remain confidential for all parties. Any Information Provision clause would have to be very precise and clear. DS highlighted a concern of what National Grid would do if a party offered an economic service but refused to sign onto the information provision clauses. DS noted that some form of governance could be used to agree what information should be published thereby removing the need for agreeing information provision clauses (e.g. via CUSC or transmission licence).

Action: Group agreed to go away and think of what ex-post specific information they would like and in what form. National Grid to also produce some examples for debate at the next meeting.

4. Next Steps (inc Future Meetings)

DS asked the group if they thought CBSG was a useful forum to continue with and what topics could be used for future meetings. Group feedback was positive for the continuation of CBSG and topic suggestions included Generic Product Reserve, demand side information, and STOR. Next meeting

National Grid will report back on progress of actions highlighted in this meeting and continue with topic of Constraints.

GG asked to not have future meetings on a Monday and LS requested that meeting dates for the rest of year be sent out if possible.

Action: National Grid to circulate future meeting date to all attendees.

Action: DS to talk to 2020 group about using CBSG as a potential forum for debate.

5. AOB

No AOB