

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

Attendees

Present

David Smith (DS), National Grid – Chair
Emma Clark (EC), National Grid - Technical Secretary
Raoul Thulin (RT), RWE
Simon Lord (SL), First Hydro Company
Craig Dyke (CD), National Grid
Shafqat Ali (SA), National Grid
Lisa Waters (LW), Waters Wye Associates Ltd (teleconference)
John Morris (JM), EDF
Chris Proudfoot (CP), Centrica
Claire Maxim (CM), Eon
Ewan Stott (ES), Scottish Power

Apologies

Louise Schmitz (LS), EDF
Alastair Martin (AS) Flexitricity
Rob Smith (RS) National Grid
Anthony Price (AP) Swanbarton
John Lucas (JL) Elexon
Joe Warren (JW) RL tec
Graeme Dawson (GD) NPower

1. Introductions

Introductions were made around the group. DS went over the agenda for the day and facility arrangements. DS reminded the group that CBSG is not part of CUSC Governance.

DS advised the group that there is a dedicated website for the CBSG¹ which currently sits under the Balancing Services page of National Grid's website. DS highlighted that a number of actions were raised from the previous meeting and ran through them to remind the group.

2. Approval of Minutes

The group had no further comments regarding the minutes from the meeting on 12th April 2010 and they were approved.

3. Constraint Management Service

CD presented to the group on Constraint Management Service. Discussion arose around the outcome of the recent tenders and that they were assessed

¹ Post-meeting note: The CBSG page can be accessed via link
<http://www.nationalgrid.com/uk/Electricity/Balancing/CommercialBalancingServicesGroup/>

as uneconomic. SL noted that the tenders could always be uneconomic due to the bid cost and JM suggested that the outcome could indicate that the tenders were not understood effectively.

DS asked the group if the information on the tender process had been useful. CP stated that he had not been happy with a couple of issues. Firstly, due to lack of information on the number of power stations that were qualified to tender and felt this may have brought about an issue with competition. Secondly, size of plant shouldn't be an issue in particular Centrica's Brigg power station was not requested to submit a tender. SL added that information on where the boundary is and what the stations and constraints are should be provided. LW agreed that the information was too vague, which meant that portfolio players, who had a wider spread of stations across the system, had an advantage.

CD agreed that it is possible to provide more information when beginning the tender process. CP made the point that there is not necessarily a need to tender as there is enough competition to manage the constraint. CD agreed to that in principle, but stated that the purpose of running the tender was to see if National Grid could get a better price than in the BM. SL noted that it is important to understand what the circuit and load is. JM commented that there is an issue with short notice requests and that it would be helpful to have warning at least 3 weeks in advance. There was a brief discussion around the room and the consensus was that at least a months notice would be preferable. CD acknowledged that if the information is available one year ahead, then indicative notice should be given.

It was also discussed that due to the tight timescales under this CMS tender, more time was spent on agreeing the framework agreement than on the construction of the tender. CD agreed it wasn't ideal for provider or National Grid and would look into going through a prioritisation process to ensure that any power stations that may be required to submit tenders for future CMS tender rounds were signed onto terms in advance of the initiation to tender.

CD summarised that some good issues have been raised and the service will be developed taking this feedback into account.

DS added that the tender summary contains a lot of information and is available on the website. At this point the CMS Summary Report for Tender Round 7 was passed around the group.

CP commented that from a transparency perspective, it is good to have standard terms. DS asked why the CMS route could not be followed with regard to the tender process. CD stated that the aim is to get to a position where constraints can be published. ES asked if it was possible to publish the same type of information for North West as North East. CD responded that it may be more restrictive if for example you have provider-1 willing to sign onto the transparency terms, against provider-2 who was unwilling to sign onto the transparency terms, but has a more economic tender, National Grid under their licence conditions should accept provider-2's tender. CD added that

there is an obligation to be economic and efficient. RT noted that actions in the short-term could be negative for the long-term and that whilst some parties specify that they do not want information published, National Grid should remain transparent and reject requests like this. It was agreed that the industry's role is to police this information and publishing it was a control.

CD made the point that a framework is needed to define what to publish on constraint management (and other commercial Balancing Services). DS added that one of the options to give it legitimacy is to put it into the CUSC or Procurement Guidelines. LW agreed that formalising it would speed up the process.

Action: National Grid to look at how the requirements are defined and consider how more transparency can be provided in addition to being economic and efficient.

4. Actions from Previous Meeting

SA presented to the group on actions from the meeting on 12th April 2010. When discussing boundary flows, SL noted that it would be more efficient to align BMRS zones with OC2, rather than aligning Seven Year Statement zones with OC2 (and/or BMRS) zones.

Action: National Grid to investigate the option of aligning BMRS zones with OC2 zones.

SL highlighted that prior to the TOGA database, an email was sent out with all the relevant information but this no longer is sent. RT added that as a general market overview, the information would be useful.

Action – National Grid to check how information, if any, is sent out and what can be done to make the information more widely available.

DS pointed out that the data is very technical and questioned how useful it would be. CM responded by making the point that parties can choose the level of expertise and can interpret the information as they require or are able to.

SA continued with the presentation and moved onto the subject of ex-ante constraint information used by National Grid. SL noted that he would find this information very useful and believes that National Grid should publish it and that it would be in National Grid's interests as it will give better results. SL added that if issues arise as a consequence, then they should be raised with the authority. CP agreed and added that it is not a weakness to inform that there is a constraint and that the outcome will be more efficient in the end. DS noted that National Grid would need to consider consulting with the wider industry and identify an appropriate governance framework to include such provisions.

Action: National Grid to investigate options for identifying an appropriate governance framework to include provisions for market information. .

SA moved on to talk about ex-post constraint costs and asked the group if this information would be useful to the industry (currently it is only provided to Ofgem). The general consensus from the group was that it would cause some issues. SL highlighted that it would be difficult to put out numbers in this environment. SA responded by pointing out that the new system may improve the reporting of ex-post constraint information. DS added that currently the types of costs (direct / replacement) are not distinguished between.

Action: National Grid to provide more details on tagging under P217, including the inconsistency with System Operator Notification and Reporting System (SONAR) data.

Action: National Grid to explain cost allocation methodology for identifying direct and indirect costs.

SL made the point that he would be more interested in what the boundary flows would be than anything else, perhaps a month or two ahead of real-time. SA noted that it would be necessary to check the quality of information at this stage.

Action: National Grid to check feasibility of reporting on boundary flows 1-2 months ahead of real-time.

5. Next Steps (inc Future Meetings)

DS summarised the actions that had arisen from this meeting and thanked the group for their feedback. At the next meeting National Grid will report back on progress of actions highlighted in this meeting.

Action: National Grid to check that future meeting dates have been circulated to all attendees.

6. AOB

No AOB