

**Commercial Balancing Services Group (CBSG)
Minutes from Meeting 30th June 2010**

Attendees

Present

David Smith (DS), National Grid – Chair
Emma Clark (EC), National Grid - Technical Secretary
Andy Walden (AW) National Grid
Shafqat Ali (SA), National Grid
Raoul Thulin (RT), RWE
Lisa Waters (LW), Waters Wye Associates Ltd (teleconference)
John Costa (JC), EDF
Chris Proudfoot (CP), Centrica (teleconference)
Jenny Sinclair (JS) Scottish Power (teleconference)
Guy Phillips (GP), Eon
Jamie Anavi (JA) Elexon

Apologies

Alastair Martin (AS) Flexitricity
Garth Graham (GG) SSE
Phil Tomlinson (PT) RTA
Abigail Hall (AH) Consumer Focus
James Anderson (JA) Scottish Power
Socrates Mokkalas (SM) Ofgem
Joe Warren (JW) RLtec
Graeme Dawson (GD) NPower

1. Introductions

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

2. Approval of Minutes

With regard to the minutes from the meeting on 12th May 2010, CP highlighted that CD had agreed to look into an issue raised regarding a market action. DS noted that CD was not present but that it would be looked into. The Group had no further comments and they were approved.

3. Actions from previous meeting

SA presented to the group on actions from the meeting on 12th May 2010.

4. Constraint Management Service update

With regard to the first 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.) AW discussed how requirements are defined and how more transparency can be provided in addition to being economic

and efficient. He advised that a two Round approach was being taken with regard to the tender process and that National Grid will ask for submission of prices at Round 1, and following assessment a small number of the tendered options would be considered for Round 2, and final prices will be requested for these.. AW confirmed that the information will then be published. RT asked what was driving the two Round process, to which AW responded that a generic set of requirements have been given and it is difficult to know what to expect back. AW added that there is a broad selection of options available for Round 1, which after assessment would be narrowed down, which would enable more time to be spent and more accurate pricing to be provided during Round 2. This information will then be published, which will include prices and volumes. The outcome of Round 1 will be announced on 6th July 2010.

Further to this, AW stated that there is another potential tender in “Humber” area and that this will go out to tender for fast de-load service and again the results will be published. AW asked the group if they felt that the two round process this was the right approach. RT noted that it is a step in the right direction but there are question marks. AW asked the group if there was any preference as to what to publish and advised the group that currently units, volumes and prices, both successful and unsuccessful would be published. The group were satisfied with this.

DS stated that this concludes Action 1 and that it could be reviewed in later CBSG meetings. AW advised that he will circulate an update to Working Group members for their information.

SA continued with the rest of the actions from the last meeting and moved on to the next action (National Grid to investigate the option of aligning BMRS zones with OC2 zones).

SA gave an overview of the previous work in this area and asked for views on market benefits with regard to justifying alignment of BMRS and OC2 zones. It was agreed by the group that the question could be posed in the Working Group Consultation. JA highlighted that from a BSC Panel point of view, Elexon would be supportive of putting together an industry group to discuss this. JA confirmed that a BSC Modification is not required in order to change BMRS zones and added that a cost update could be sought when it is ready to go to the BSC Panel. LW highlighted that this is a key issue with regard to competition.

SA continued to the next action - National Grid to check how outage information, if any, is sent out and what can be done to make the information more widely available.

SA discussed TOGA (Transmission Outages, Generation Availability) information and again asked the group what they believed the market benefits to be. CP made the point that the information was not that sophisticated and SA agreed and added that it was not sophisticated in its detail due to the information being a year in advance. RT pointed out that he was aware that the information was used by the industry and that it is potentially useful for market information. LW added that traders use the information. DS noted that it is only available to Generators. CP added that the surplus figures are useful. LW

summarised that there is lots of information available but it is not always easily accessible and that the National Grid website needs to be more user friendly. JA highlighted that BSC Modifications P243 (Publication of Generator Forward Availability by Fuel Type) and P244 (Provision of BritNed flow data to the BMRS) seek to re-locate generation information from Elexon website to BMRS where most generation data resides and that this should make this information more easily accessible. DS summarised this point by stating that the Working Group Report can explore what information there is available and where it can be located.

SA moved on to the next action regarding identifying an appropriate governance framework to include provisions for market information and explained to the group that it may be difficult to make provisions in the codes for market information as commercial arrangements do not sit under the codes. SA highlighted that wherever information transparency provisions are placed, there is always an obligation on National Grid to ensure economic and efficient operation. LW suggested that as a default, everything could be published to ensure transparency. LW added that it could be a licence condition that National Grid will publish everything, with a caveat for any exceptions. SA responded that the Utilities Act would need to be checked and DS added that this would cause an issue regarding consent as it is illegal to publish anything without the consent of the party involved. DS suggested that the Procurement Guidelines might be the best place to include the requirements for publishing the information. LW queried whether it is better to put it in the Generators Licence and SA responded that whilst it is an option, there may be limitations on how much detail can be included in a licence. LW suggested that there could be a vague reference to it in the Licence and the detail could be included in the Procurement Guidelines. RT advised that there will be more demand side generation moving forward and that there needs to be strict control concerning information, rather than defaulting to the practice of publishing everything.

DS concluded this discussion by highlighting that the question of what should be reported needs to be included in the Working Group Report.

The next action in the presentation centred on Constraint Cost Allocation Methodology and SA explained the importance of having a 'Reference Price' in the cost allocation methodology. DS asked if the cost is split out at present to which SA replied that currently there is some information available along these lines but the details of the methodology are not provided. JC asked how the cost of the replacement action is calculated and SA explained that it is based on price differentials rather than volume. DS noted that for the Report, a consistent methodology on how costs are allocated needs to be clear.

SA moved on to the final action on this subject concerning the reporting on boundary flows 1-2 months ahead of real-time. DS pointed out that Picasso level of data is highly detailed at which point JC asked for further clarification on Picasso. DS explained that it gives the full GB Network constraint information and shows the boundaries of where constraints are likely to be.

5. Development of working group report on Constraint information reporting

SA invited views on what the Working Group Report should contain for wider industry consultation. DS responded to a question from CP regarding the circumstances of the industry consultation by advising that in order to ensure transparency, a wider industry consultation is the most sensible course of action. CP asked who the consultation document will go to and SA advised that it will be circulated to the industry as widely as possible in order to give the opportunity for everyone to provide input. The Group agreed with this. DS asked if the Group felt there was anything missing that needs to go into the report to which CP replied that he felt that it is worth highlighting what is available in TOGA. DS advised that for each area the report can state what is available and what can be improved.

Action – SA to produce draft working group report for wider industry consultation

6. Future Meetings

DS advised that the next step was to draft the report and reconvene the Group. SA advised that he would endeavour to send the report out to the Group one week prior to the next meeting but the next meeting date (currently 25th August 2010) may change depending on the status of the report.

7. AOB

DS asked if the Group had any other business. CP highlighted that there was an unusual balancing action which affected bids and offers and suggested that National Grid should have disclosed this and communicated the error effectively. AW advised that he was unaware of the details surrounding this.

Action – AW to investigate.

LW highlighted that there is currently no obvious mechanism for National Grid to flag issues to the market.

Action - DS stated that he will look into this and it may be that the Operational Forum would be an appropriate place to discuss this further.