

**Minutes and Actions Arising from Meeting
Held on 14th December 2010**

Present:

David Smith	DS	Chair, National Grid Electricity Transmission
Emma Clark	EC	Technical Secretary, National Grid
Craig Maloney	CM	National Grid
Shafqat Ali	SA	National Grid
Amanda Lewis	AL	National Grid
Tim Truscott	TT	National Grid
Nicholas Bradford	NB	EDF
Hannah McKinney	HM	EDF
Guy Philips	GP	EON
Ross Haywood	RH	RWE
Garth Graham	GG	SSE (part meeting via teleconference)
David Hill	DH	RLtec (via teleconference)
Simon Lord	SL	FHC
Sarah Owen	SO	Centrica
Chris Proudfoot	CP	Centrica

Apologies:

Raoul Thulin	RT	RWE
Jamie Anavi	JA	Elxon
Lisa Waters	LW	Waters Wye

1 Introductions

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

2 Approval of Minutes

The minutes from the previous meeting held on 29th September 2010 were APPROVED.

Action: EC to publish minutes on National Grid website (post-meeting comment –action completed)

3 BM Start Up

AL gave a presentation on BM Start Up and gave a list of possible options as to what can be changed, including increasing transparency and removing barriers to entry. AL opened the question of what can be changed out to the group and requested that any feedback is received in January after which a consultation will be published. HM asked when this consultation will be published and AL advised that it will be mid to end of January 2011.

SL asked what the benefit was to making changes and added that it is quite transparent already. AL responded that the purpose was to fine-tune the current arrangements and to open it up to a wider audience. SL reiterated his point about the lack of benefit that may arise from this. GP noted that there may be some value in improvement to contract terms but will advise further

after researching the issue more. GP added that anything to improve complexities is a good thing.

4 Short Term Operating Reserve (STOR) Review

CM gave a presentation on STOR. SL commented that the issue is the lack of ability to get visibility of the non-BMU systems. CM responded that, as part of the consultation that was conducted, transparency came out as a big issue. SL noted that having transparency on non-BMU is important and asked what systems will be used to manage this. CM noted that this is a valid point and that a half hourly service is not necessarily appropriate. SL added that actively, a half hourly market may not work. CP commented that in this situation BMU will shrink and non-BMU will grow. CP added that this could be looked at as part of BM Replacement. SA highlighted that the recent consultation on BM Replacement will make it easier for small players, but not for another two or three years.

DS pointed out that beyond STOR, there is a general point about transparency that the CBSG group can look at as part of the Terms of Reference at a future point.

Action: Group to consider transparency issues to be included in Terms of Reference at next meeting.

CP asked if there was the ability to change prices on a half hourly basis to which CM responded that there is not and that the terms, as drafted, provided advantage for BM prices as there is no penalty for reducing the offer price. HM asked if contracted volumes had declined over time. CM responded that they have not but that utilisation volumes had been fairly low. SL noted that utilisation volumes had halved in the last two years, mainly due to prevailing market conditions. CP commented that BM Systems facilitate the sharing of information. SL noted that if National Grid were happy to have separate contracts for non-BMU STOR rather than have the one contract then there might be a possible solution. NB noted that it seems to be over-complicated and SL concluded that transparency is the most important issue.

5 Update on Draft Industry Consultation on Constraint Transparency

SA shared with the group the summary of responses to the industry consultation on Constraint Information Transparency and advised that he would like a collective view from the group to document in the final report. SA advised the group that 7 responses had been received, 6 of which were non-confidential. SA ran through the questions that were asked in the consultation and summarised the main views for each group of consultation questions. When discussing the questions on aligning BMRS zones with OC2 zones, CP highlighted the issues with what categories parties fall under. DS responded that this is likely to require a change to the BSC Systems and it may be necessary to form an Issues Group. To summarise the responses received in this section of the consultation, DS concluded that the view is to go to more zones and that setting up a BSC issues group with input from the Grid Code may be the best way to progress this. CP talked about where zones are defined and believed that they are not defined in the Grid Code. SA advised that he will check.

Action – Issues Group to be set up under the BSC, subject to approval by the BSC Panel, to investigate changes to BSC Systems. Grid Code Review Panel to be informed.

Action – SA to check Grid Code in relation to definition of zones.

[post-meeting note: The system zones are not defined in the Grid Code, and paragraph OC2.2.4 of the Grid Code states that the zones are to be determined by NGET¹]

SA moved on to looking at the questions regarding generator outage / generator availability information from the TOGA system. CP suggested that there may be some misunderstandings in this section. CP added that the information is already out there for generator outage start and end dates and that there is no need to publish. SL agreed with this comment. DS suggested that clarification regarding the P243 route is provided in the final report.

SA moved on to looking at the Picasso questions and discussion arose on the effectiveness of OC2. TT noted that OC2 is not currently working as intended. TT added that OC2 stipulates that National Grid should coordinate generator outages but is unable to do this as the generators do not request outage changes but simply send new dates to National Grid.

At this point GG joined the meeting via teleconference.

DS asked if there is more information that generators can provide to National Grid on outages. HM commented that EDF had already liaised with National Grid to discuss a simpler version of Picasso information. SL advised that, having seen the complex detail contained in Picasso information, he did not believe giving more information would necessarily help this issue. SA noted that thought had been given to providing different versions of Picasso instead of publishing the full version but overall there had not been much support for this. The conversation moved on to the question of publishing ex-post Picasso information and GG queried to what extent it would be published, in terms of industry participants or for the general public to view. SA asked the group if this issue needed investigating further and HM noted that it may facilitate looking into the process for policing. SL advised that Picasso is too detailed to understand and HM agreed, stating that EDF had put forward a proposal that was less complicated than Picasso. CP advised that more ex-post information would be welcomed. DS highlighted that commentary on Picasso is currently provided. SA suggested moving to 17 Seven Year Statement (SYS) zones and aligning everything and then examining what that looks like. SA added that information could be published ex-post and clarification could be provided on what was forecast and what actually occurred.

TT highlighted another issue of constraints on Picasso and the work involved in calculating constraints, as there could be a different set of constraints every day. CP felt that a summary of the more significant items would be sufficient

¹ OC2.2.4: The boundaries of the **System Zones** will be determined by **NGET** from time to time taking into account the disposition of **Generators' Power Stations** within the **System Zones**. The location of the boundaries will be made available to all **Users**. Any **User** may request that **NGET** reviews any of the **System Zonal** boundaries if that **User** considers that the current boundaries are not appropriate, giving the reasons for their concerns. On receipt of such a request **NGET** will review the boundaries if, in **NGET's** reasonable opinion, such a review is justified.

and SL added that to a certain extent, he is happy with what National Grid publish at the moment.

To summarise, DS commented that the general consensus seemed to be that it is not necessary to publish Picasso information, but more information on boundaries would be welcomed.

Moving on to ex-post constraint cost allocation, DS advised that the methodology is currently being looked at via the Balancing Services Incentive Scheme (BSIS). SA advised that the majority of respondents agreed that publishing constraint cost allocation methodology would benefit the market. When discussing how the methodology should be governed, GG suggested that the methodology should fall under the remit of the CUSC Panel.

With regard to the section on constraint management tenders in the consultation, GP advised that there was no need for more granular information to be published as the information is already available. CP queried where National Grid stood on confidentiality terms and DS advised that the most economic solution would be sought in line with National Grid's licence obligations. GG commented that transparency applies to all contracts and that there may be an issue under Section 105 of the Utilities Act 2000 regarding disclosure of information. DS noted GG's point and went on to give an example where, following the approval of P243 by the Authority, National Grid has been required to publish confidential data in order to comply with the BSC and hence its licence, and noted Section 105 of the Utilities Act 2000 allows for this. GG added that it is important to be mindful of security and that password protected websites could be a resolution. GG added that it would be prudent to go for the more restricted option and if the law changes following the Consultation on European Transparency (which is currently in draft form) then the options could be reconsidered.

TT felt that if National Grid published all outages, and the boundary transfer restrictions that had been suggested earlier, then this would be similar to publishing the Picasso. GG felt that publishing in the public domain would be detrimental and DS agreed that there is no need to publish this in the public domain.

To summarise, DS advised that the main points to arise out of the discussions and to consider in the final report were: (i) to look at how generator outage information and alignment can be better coordinated, (ii) the possibility of having more BMRS/OC2 zones for alignment with SYS zones and the establishment of an Issues Group, and (iii) to make provision of information about constraint contracts available potentially via a Licence Statement.

SA advised that the next steps are to finish the report and circulate around the group for comment. CP asked how widely circulated the consultation was as there did not seem to be many respondents. GP agreed that it did not seem to have been widely circulated. SA replied that it had gone to a number of distribution lists, including the Operations Forum and Grid Code Lists as well as via other industry communications such as Elexon's Newscast and Cornwall Energy's 'daily bulletin'. DS gave assurance that the report would be published and sent to the industry in line with the usual email notification route to ensure the right audience is captured.

CP highlighted that some notifications, specifically information published under OC2 could be worded better as it comes across that National Grid are

only sending the information because they are required to do so under OC2.
DS thanked CP for the feedback.

6 Next Steps

DS advised the group that the next meeting is planned for 2nd February 2011 at National Grid House, Warwick.

7 AOB

The group had no AOB.