



**National Grid**

## **CONSULTATION DOCUMENT**

### **Proposed change to the Grid Code consequent on BSC Modification Proposal P80**

**The purpose of this document is to consult on the above Grid Code Modification Proposal with authorised electricity operators liable to be materially affected by the proposed changes**

Consultation Ref	B/03
Issue	1.0
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Prepared by	National Grid

## DOCUMENT LOCATION

National Grid website:

[http://www.nationalgridinfo.co.uk/grid\\_code/mn\\_consultation\\_papers.html](http://www.nationalgridinfo.co.uk/grid_code/mn_consultation_papers.html)

## DISTRIBUTION

Name	Organisation
AEO's	Various
GCRP Members/Alternates	Various
Interested Parties	Various
National Grid Industry Information Website	

A. INTRODUCTION

1. National Grid Company plc ("National Grid"), in accordance with paragraph 13 of Condition C3 of the Transmission Licence, is consulting with authorised electricity operators liable to be materially affected thereby, on changes to the Grid Code and its implementation in certain respects.
2. This review is concerned with consequential changes that National Grid believes are required to the Grid Code if the Authority were to approve the BSC Alternative modification for P80 'Deemed Bid/Offer Acceptances for Transmission System Faults'. The changes that have been identified in the Grid Code to implement P80 Alternative are in Balancing Code 2, BC2, – Post Gate Closure Process, with the addition of some new terms in the Glossary and Definitions that support this. These changes were **not** identified in the BSC final report to the authority as being required to implement P80 Alternative.
3. Following receipt of comments from those authorised electricity operators which it has consulted by this Paper, National Grid intends, in accordance with paragraph 2 of Condition 7 of the Transmission Licence, to send to the Authority :-
  - (a) a report on the outcome of its review, including this consultation process;
  - (b) the proposed revisions to the Grid Code which National Grid (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives of the Grid Code referred to in sub-paragraph (b) of paragraph 1 of Condition 7 of the Transmission Licence; and
  - (c) any written representations or objections from authorised electricity operators (including any proposals by such operators for revisions to the Grid Code not accepted by National Grid in the course of the review) arising during the consultation process and subsequently maintained.
4. The report will also be made publicly available on National Grid's website.
5. The revisions to the Grid Code proposed by National Grid and sent to the Authority then require approval by that body and will, if approved, come into force on such date (or dates) of which you will be notified by National Grid, in accordance with the Authority's approval.

B. DESCRIPTION OF THE PROPOSED AMENDMENTS AND THEIR EFFECTS

6. BSC modification Proposal P80 'Deemed Bid-Offer Acceptance for Transmission System Faults' proposes that the Transmission Company issue deemed Bid-Offer Acceptances (BOA) when a BMU is forced to deviate from its Final Physical Notification (FPN) due to faults on the Transmission System. During the assessment of P80 the modification group developed an Alternative Modification. This Alternative Modification aligns the compensation method to that as proposed for P87 Alternative Modification 'Removal of Market Risk Associated with Operation of a Generator Intertrip Scheme'.
7. The BSC Panel decided on 14<sup>th</sup> November 2002 to submit a report to the Authority recommending implementation of the P80 alternative and rejection of P80 original. No draft legal text has been put forward for the P80 original Modification. Therefore this

consultation only covers those changes that National Grid believes are required as a consequence of implementing P80 Alternative Modification.

8. Details of the BSC Modification Proposal can be found on the Elexon website at <http://www.elexon.co.uk/ta/modifications/modifications.html>. The BSC Panel have recommended that if accepted the implementation date for the Alternative be 4<sup>th</sup> November 2003, if the Authority decision is received by 4<sup>th</sup> July 2003.
9. Although the BSC Modification report did not highlight any changes required to the Grid Code to implement P80 Alternative, National Grid believes that a change is required to the Grid Code to implement the settlement correction aspects of P80 Alternative successfully. P80 Alternative requires the submission of Physical Notification data that represents the original expected operation level in the absence of the system fault. This then used to calculate the level of contract notification, but the submission of such data would be inconsistent with the requirements of BC1.4.2, that requires Physical Notifications to be the 'best estimate' of expected output.
10. Grid Code Review Panel members have been consulted and there has been some debate as to whether a Grid Code modification is actually required. National Grid remains of the view that without a change to the Grid Code the settlement correction aspect of P80 Alternative would not work, being inconsistent with current Grid Code obligations to send accurate physical notifications at all times. Therefore if the Grid Code were not changed the only route available for compensation would be through the trading dispute route (extra cashflow compensation), and National Grid believes this was not the intention of the alternative modification.
11. In drafting the text for this modification National Grid has sought to follow as closely as possible the process defined in the BSC modification. As such, a BM Participant will only be relieved of certain obligations in BC1.4.2 (a), BC1.4.3 and BC2.5.1 when National Grid has notified the BSC Co.
12. The proposed change to the Grid Code involves an additional section in Balancing Code 2, BC2.5.4, and 'Operation in the absence of instructions from NGC'. BC2 covers the processes that occur Post Gate Closure in the Balancing Mechanism. Amongst other things, and of particular relevance to this consultation, BC2 deals with the exchange of information between NGC and BM participants in real time.
13. The additional section will note that the commercial arrangements are covered in the BSC or a bilateral contract between the User and NGC. It will also relieve the User of an obligation to supply Physical Notification data that accurately indicates the expected operation of the BM Unit during the period of disconnection, as notified by National Grid.
14. To ease drafting, it is proposed that three new defined terms: **System Fault-affected BM Unit**, **Eligible BM Unit** and **System Fault-affected Period** are introduced into the Grid Code. These are directly referenced to the BSC.
15. Whilst the Grid Code modification for P80 alternative requires the submission of Physical Notification data which does not reflect true operation, this will **not** relieve Users of the obligation to submit accurate Export and Import limits under the Balancing Codes.
16. Appendix 1 shows the proposed Grid Code change with additions double-underlined and deleted text struck-through.

C. COMMENTS

17. National Grid would be grateful to receive your comments on, or any suggestions you may have in relation to, these proposed amendments to the Grid Code. Comments would be welcomed and should be sent to National Grid by **3<sup>rd</sup> April 2003**. The comments will be reviewed and responded to on an individual basis. National Grid will then prepare its report to the Authority in accordance with paragraph 2 of Condition 7 of the Transmission Licence.
18. Unless otherwise marked as confidential any responses containing objections to the proposals that are maintained will be published on our website in the copy of the Report to the Authority referred to in paragraphs 3 and 4.
13. Your formal responses may be:-

Posted to: Patrick Hynes  
Commercial, Commercial Frameworks  
National Grid Company plc  
National Grid House  
Kirby Corner Road  
Coventry  
CV4 8JY

Faxed to: 024 7642 3242

Emailed to: [patrick.hynes@uk.ngrid.com](mailto:patrick.hynes@uk.ngrid.com)

## Appendix 1

For P80 Alternative

### BALANCING CODE NO. 2

#### POST GATE CLOSURE PROCESS

BC2.5.4 Operation in the absence of instructions from NGC

BC2.5.4.1 In the absence of any .....

BC2.5.4.2 In the case of a **System Fault-affected BM Unit** no **Bid-Offer Acceptance** will be issued. In these circumstances:-

a) the commercial arrangements are dealt with in the **BSC** or in an agreement between **NGC** and the **BM Participant**, and

b) during the **System Fault-affected Period** as notified by **NGC**, the **BM Participant** will be relieved of its obligations in BC1.4.2(a), BC1.4.3 and BC2.5.1 requiring that **Physical Notifications** shall represent the best estimate of expected input or output of the **System Fault-affected BM Unit** and instead the **BM Participant** should submit **Physical Notifications** for the **System Fault-affected BM Unit** to represent such **BM Participant's** best estimate of the **System Fault-affected BM Unit's** expected input or output of **Active Power**, as though no fault had occurred. Nothing in this paragraph shall relieve the **BM Participant** of any of its other obligations under BC1.4.2(a), BC1.4.3 and BC2.5.1, in respect of such **System Fault-affected BM Unit** and of any of its obligations under BC1.4.2(a), BC1.4.3 and BC2.5.1, in respect of any **BM Units** other than the **System Fault-affected BM Unit**.

#### GLOSSARY AND DEFINITIONS

Proposed New definitions to be added

<u><b>System Fault-affected BM Unit</b></u>	<u>Has the meaning set out in the <b>BSC</b>.</u>
<u><b>Eligible BM Unit</b></u>	<u>Has the meaning set out in the <b>BSC</b>.</u>
<u><b>System Fault-affected Period</b></u>	<u>Has the meaning set out in the <b>BSC</b>.</u>