

DISTRIBUTION

Name	Organisation
Authority	Ofgem
GCRP Members/Alternates	Various
National Grid Industry Information Website	

1. Paragraph 2 of Condition 7 of the Transmission Licence granted to the National Grid Company plc ("National Grid") provides that National Grid shall, in consultation with authorised electricity operators liable to be materially affected thereby, periodically review the Grid Code and its implementation. That paragraph also requires National Grid, following such review, to send to the Authority:-
 - (a) a report on the outcome of such review;
 - (b) any proposed revisions to the Grid Code as National Grid (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives set out in sub-paragraph (b) 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.
2. National Grid has just completed a review of the Grid Code. This review is concerned with identifying changes needed to the Grid Code in order to facilitate the provision of a "Maximum Generation Service". Full details of the proposed Maximum Generation and how it would be initiated are the subject of a separate consultation on Licence Condition AA4 documentation issued by National Grid on 12/09/03. Attached as Appendix A are the proposed revisions to the current Grid Code Glossary and Definitions and Balancing Code 2 (shown in typed form with the deletions crossed through and additions double underlined).
3. The proposed changes to the Grid Code were discussed at the Grid Code Review Panel on 9 September 2003 where National Grid informed Panel Members that it intended to consult on these changes.
4. National Grid, in accordance with its obligations under its Transmission Licence, consulted those authorised electricity operators listed in Appendix B by circulating to them Consultation Paper J/03, which was dated 22 September 2003 and which contained the proposed amendments to the Grid Code. A copy of Consultation Paper J/03 is attached to this Report as Appendix C. National Grid also placed a copy of the Consultation Paper on its website to ensure its wide availability.
5. The proposed revisions to the Grid Code are, as indicated above, set out in Appendix A to this Report. By way of summary, the background and proposed changes are described below :-

Background

- 5.1 The proposed new Maximum Generation Service would provide a route by which National Grid may call for additional generator output under emergency conditions. Such additional output may be physically available but its delivery is currently problematic for a variety of reasons. National Grid considers that it is important that there is a mechanism in place to

gain access to the energy made accessible by the Maximum Generation Service for winter 2003/04 (so that it may be used at times of generation shortage to balance the system and assist in providing security of supply).

- 5.2 Many generators are able to produce energy over and above the normal design operating capability of their plant. Different plant types have different methods of generating this energy, (for instance, switching out feeder heaters, duct firing or oil over burn). In addition, certain generators may be effectively able to provide extra MW by reducing site demand. Whether the generator was reducing load or producing energy in the ways described above, the methods are non-sustainable. Prior to NETA, this energy was available via the use of 'Maxgen' instructions which was delivered on a 'reasonable endeavours' basis, paid on delivered energy over and above the re-declared availability and did not affect the Use of System Charges paid by the generator.
- 5.3 By its nature, Maximum Generation energy is uncertain, as it is dependent upon a number of factors such as ambient temperature, prevailing operating conditions, state of the plant or quality of the fuel. It is therefore difficult to offer the energy as a firm service. Furthermore, generators have indicated that taking account of the potential for delivering this 'additional' output within their Transmission Entry Capacity (TEC) submission proves not to be commercially viable since it would attract Use of System Charges and Business Rates.
- 5.4 The current BSC and Grid Code rules are not designed for Generators to make BM offers to provide this energy (e.g. even if it were only accessed by issuing an Emergency Instruction to the generators) since as currently drafted it would have to be delivered on a firm basis.
- 5.5 The proposal that a Maximum Generation Service should be developed for a post NETA world was made at a recent Operational Forum by several market participants, who pointed out that such additional output could provide useful when generation is short. National Grid considers that it is important to facilitate access to this additional output in order to maintain security of supply and that this mechanism is available for the forthcoming winter.

Proposed Changes

- 5.6 Maximum Generation Service would only be called via an Emergency Instruction under Emergency Circumstances as set out in BC2.9 of the Grid Code. The details of the proposed Maximum Generation Service and how it would be initiated are the subject of the consultation on Licence Condition AA4 documentation which was issued by National Grid on 12/09/03.
- 5.7 It is proposed that two new definitions are included in the Glossary and Definitions – 'Maximum Generation Service' and 'Maximum Generation Service Agreement'.
- 5.8 The definition of an Emergency Instruction in BC2.9 needs to be extended to specifically allow for Maximum Generation Service. BC2.9.2.3 (along with section Q 5.1.3(b) of the BSC) states that Emergency Instructions will

be treated as Bid-Offer acceptances in the BM, with the exception of those set out in BC2.9.1.2 (e). Therefore, as Bid/Offer acceptances are for firm delivery and in view of the non-firm nature of this new service, it needs to be included in BC2.9.1.2 (e).

- 5.9 National Grid has considered the effect of the proposed changes on other core industry documents. In providing the Maximum Generation Service, a generator may be required to exceed its TEC. The CUSC currently allows a generator to export power in excess of TEC if instructed to do so through an Emergency Instruction (under BC2.9). Therefore no change to the CUSC is required in order to implement this service. Further no change to the BSC is considered necessary as a result of the proposed Grid Code change. However in the longer term a more developed service could be considered. This is likely to involve substantial changes to the BSC and/or CUSC (for example to allow for non-firm BM offers) and is therefore not considered feasible for this winter.

Consultation Responses

6. Comments were invited from all such authorised electricity operators by 6 October 2003. National Grid has received responses from 8 authorised electricity operators. 3 of the respondents either supported the proposed Grid Code changes or had no comments to make on the proposed changes.
7. The remaining 5 respondents all made substantial comments on the nature of the proposed Maximum Generation Service. National Grid has replied to each of the 5 respondents indicating that their comments were not strictly related to the Grid Code changes identified in order to facilitate delivery of the new service but related to the principle of having such a service. National Grid confirmed that their comments would be forwarded to the National Grid staff dealing with the consultation on Licence Condition AA4 Documents for consideration under that consultation process.
8. Two of these respondents also commented that the Grid Code did not detail the circumstances that would give rise to the need for Emergency Instructions and hence the use of Maximum Generation Services. National Grid responded that these circumstances would be detailed in the Balancing Principles Statement which was also the subject of the Licence Condition AA4 documents consultation. These comments were also passed to the National Grid staff dealing with that consultation.
9. One of the 5 respondents subsequently sent a further response indicating that they wished to maintain their objection to the proposed Grid Code change. This respondent maintained that there were no grounds for the proposed Maximum Generation Service as they believe that non-firm delivery and the ability to exceed TEC under emergency circumstances are already covered by the existing industry documents. Further they felt that Maximum Generation Service would fail to meet the relevant Licence objectives and would have a detrimental impact on trading arrangements. National Grid maintains that the Maximum Generation Service will enable generators to provide additional output at times of system stress and agrees that the Grid Code already allows for Maximum Export Limit to be

exceeded following an Emergency Instruction. However, National Grid maintains that it should not be treated as a Bid-Offer Acceptance if the Maximum Generation Service is to be provided by generators on a reasonable endeavours basis without being exposed to the risks of imbalance in the event they don't deliver. The proposed Grid Code change would therefore exclude Emergency Instructions issued for Maximum Generation Service from being treated as Bid-Offer Acceptances. With respect to the respondent's concern that Maximum Generation Service would fail to meet relevant Licence objectives, National Grid maintains that this is covered in the separate consultation on the Licence Condition AA4 documents and the proposed Grid Code change is required as a consequence of that proposed change.

10. Another of the respondents also maintained that the arrangements for Maximum Generation Service proposed in the Licence Condition AA4 consultation were not appropriate in the long term and thus could not support the consequential Grid Code change. However they did accept that the changes proposed to the Grid Code are appropriate to the governance being proposed under the Licence Condition AA4 consultation. They believed that the Maximum Generation Service is about energy delivery, not about meeting a technical requirement, and felt that the governance arrangements should reflect this.
11. One respondent did not agree with the proposed change to BC2.9.1.2(e)(ii) which would cite the need to request provision of Maximum Generation Service as an example of a circumstance that may require the issue of an Emergency Instruction. The respondent felt that the Maximum Generation Service would be a tool that may be used to remedy such emergency circumstances rather than an emergency circumstance in itself. However National Grid feels that the definition of Emergency Service in BC2.9 needs to be extended to specifically allow for the new service as BC2.9.2.3 (along with section Q 5.1.3(b) of the BSC) states that Emergency Services will be treated as Bid-Offer Acceptances in the Balancing Mechanism, with the exception of those set out in BC2.9.1.2(e). As Bid-Offer Acceptances are for firm delivery and Maximum Generation Service would be non-firm, it needs to be included in BC2.9.1.2(e).
12. This respondent has subsequently indicated that they remain concerned with the proposal to include Maximum Generation Service as a circumstance that may require the issue of an Emergency Instruction without reference to any definition of the need to request provision of a Maximum Generation Service.
13. As indicated above, having regard to the outcome of the review described in this Report, National Grid proposes the revisions to the Grid Code set out in Appendix A, which revisions we reasonably think fit for the achievement of the objectives referred to in sub-paragraph (b) of paragraph 1 of Condition 7 of the Transmission Licence. In view of this, National Grid would, in the event that the Authority approves the changes proposed in the Licence Condition AA4 consultation, then be grateful if the Authority would approve the revisions pursuant to paragraph 3 of Condition 7 of the Transmission Licence.

14. Given the logistic exercise of organising replacement pages to reflect the changes required by your letter of approval, We would be grateful if you would contact us prior to issuing any letter specifying an effective date, in order to seek to ensure that the date is consistent with any other Code changes which may then be approved or be close to being approved.

SIGNED BY

David Payne

Industry Codes

21 October 2003

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Appendix A

Proposed draft indicative changes to the Grid Code to enable Maximum Generation Services

The following sets out indicative changes required to the Grid Code to allow NGC to call for Maximum Generation Services.

All changes are in red text with deletions struck out and insertions underlined.

Glossary and Definitions: insert new definitions:

Balancing Code 2

The following indicative changes are proposed to BC2.9. The entirety of BC2.9.1-3 has been included for completeness.

BC2.9 EMERGENCY CIRCUMSTANCES

BC2.9.1 Emergency Actions

BC2.9.1.1 In certain circumstances (as determined by NGC in its reasonable opinion) it will be necessary, in order to preserve the integrity of the NGC Transmission System and any synchronously connected External System, for NGC to issue Emergency Instructions. In such circumstances, it may be necessary to depart from normal Balancing Mechanism operation in accordance with BC2.7 in issuing Bid-Offer Acceptances. BM Participants must also comply with the requirements of BC3.

BC2.9.1.2 Examples of circumstances that may require the issue of Emergency Instructions include:-

- (a) Events on the NGC Transmission System or the System of another User; or
- (b) the need to maintain adequate System and Localised NRAPM in accordance with BC2.9.4 below; or
- (c) the need to maintain adequate frequency sensitive Generating Units in accordance with BC2.9.5 below; or
- (d) the need to implement Demand Control in accordance with OC6; or

-
- (e) the need to invoke the Black Start process or the Re-Synchronisation of De-Synchronised Island process in accordance with OC9
- BC2.9.1.3 In the case of BM Units in England or Wales, Emergency Instructions will be issued by NGC direct to the User at the Control Point for the BM Unit and may require an action or response which is outside its Other Relevant Data , QPNs, or Export and Import Limits submitted under BC1, or revised under BC1 or BC2, or Dynamic Parameters submitted or revised under BC2.
- BC2.9.1.4 In the case of a Network Operator or an Externally Interconnected System Operator , Emergency Instructions will be issued to its Control Centre.
- BC2.9.2 Implementation of Emergency Instructions
- BC2.9.2.1 Users will respond to Emergency Instructions issued by NGC without delay and using all reasonable endeavours to so respond. Emergency Instructions may only be rejected by an User on safety grounds (relating to personnel or plant) and this must be notified to NGC immediately by telephone.
- BC2.9.2.2 Emergency Instructions will always be prefixed with the words “This is an Emergency Instruction ”.
- BC2.9.2.3 In all cases under this BC2.9 except BC2.9.1.2 (e) where NGC issues an Emergency Instruction to a BM Participant which is not rejected under BC2.9.2.1, the Emergency Instruction shall be treated as a Bid-Offer Acceptance . For the avoidance of doubt, any Emergency Instruction issued to a Network Operator or to an Externally Interconnected System Operator will not be treated as a Bid-Offer Acceptance .
- BC2.9.3 Examples of Emergency Instructions
- BC2.9.3.1 In the case of a BM Unit , Emergency Instructions may include an instruction for the BM Unit to operate in a way that is not consistent with the Dynamic Parameters , QPNs and/or Export and Import Limits .
- BC2.9.3.2 In the case of a Generator, Emergency Instructions may include:
- (a) an instruction to trip one or more Gensets; or
 - (b) an instruction to trip Mills or to Part Load a Generating Unit; or

- (c) an instruction to Part Load a CCGT Module ; or
- (d) an instruction for the operation of CCGT Units within a CCGT Module (on the basis of the information contained within the CCGT Module Matrix) when emergency circumstances prevail (as determined by NGC in NGC's reasonable opinion)

Appendix B

List of companies consulted

Distribution List for Consultation Paper J/03

24 Seven
ABB Equity Development Co Ltd
AEP Energy Services UK Generation Ltd
AES (for Partington Ltd)
AES Barry Limited
AES Drax
AES Fifoots Point Ltd
AES Indian Queens Power
AES NEW ENERGY LTD (UK)
Affinity Power Ltd
Alcan Aluminium UK Ltd
Allied Steel & Wire
Angelsey Aluminium
Aquila Networks
Atlantic Electric & Gas Ltd
Atmel North Tyneside Ltd
Baglan Generating Ltd + Baglan Operations Ltd +
Fleetwood Power Ltd
Barking Power
BIZZENERGY LIMITED
BNFL + Magnox Electric Ltd
BOC Limited
BP Chemicals Ltd
BP Power Trading Ltd
British Energy Generation Ltd (inc Eggborough
Power)
British Gas Generation Ltd (Centrica KL + Centrica
PB)
British Gas Trading Ltd (3th Floor North)
Burlington Resources (Irish Sea) Ltd
Canatxx Energy Ventures Ltd
Celtpower Ltd
Cinergy Global Power (UK) Ltd
Commercial Electricity Supplies Ltd
Conoco
Corby Power Ltd
Corus UK Ltd
Cottam Development Centre
Damhead Creek Ltd
Derwent Co-Generation Limited

Duke Energy International

Dynegy UK Ltd
East Midlands Electricity
Economy Power Ltd
EDF Service National
EDF Trading Ltd
EdisonMission
Edison First Power
Electrabel S.A.
Eledor Limited
Emerald Power Generation Ltd
Energy Power Resources Limited
Enfield Energy Centre Ltd
ETCS Limited

Enron Gas and Petrochemicals Trading Ltd
EnizadeLtd
Enron Direct Ltd
Energy-Koch Trading Ltd
EPN Distribution
Fellside Heat & Power Ltd
Fibre Power (Slough) Ltd
Fibrogen Ltd + Fibropower Ltd + Fibrothetford Ltd
First Hydro Company
First Hydro Company
Fortum Direct Ltd
Fortum Energy plus Ltd
Grangemouth CHP Ltd
Great Yarmouth Power Limited
Greenwich Energy Trading Ltd
Grovehurst Energy Ltd
Heartlands Power Ltd

Humber Power Ltd
ICI Chemicals & Polymers Ltd
Immingham CHP Ltd
Intergen
INEOS Chlor Energy Ltd
Innogy + Innogy (Cogen Trading) Ltd + npower
International Power Plc

Jade Power Generation Ltd

Keadby Gen Ltd + HE Cogen Ltd + HE Energy Ltd
Killingholme Power Ltd
Lakeland Power Ltd
London Electricity plc
London Electricity Services Ltd
London Power Networks
Manweb Services (Imperial Park)
Manx Electricity Authority
Marchwood Power Limited
Maverick Energy Ltd
Medway Power Ltd
Midlands Gas Ltd (+Own Label Energy Ltd + Western
Gas)
Midlands Gas Ltd + OwnLabel Energy Ltd + Severn
Trent Energy Ltd + Western Gas Ltd
Morgan Stanley Capital Group Inc
Northern Electric Distribution Ltd
Norweb Energi Ltd
NPower
Opus Energy Ltd
Pentex Oil and Gas Ltd
PowerGen UK plc + PowerGen CHP Ltd
Railtrack plc
Regional Power Generators Limited
Rocksavage Power Company Ltd
RTE SENE
Rugeley Power Ltd (& Deeside PDC)

RWE Trading Direct Ltd
Saltend Cogeneration Co Ltd
Sembcorp
Scottish & Southern
Scottish & Southern Energy
Scottish and Southern Energy plc
Scottish Power Generation Ltd
Scottish Power plc
Seabank Power Ltd
SEEBOARD Energy Ltd
SEEBOARD Power Networks
Sempra Energy Europe Ltd
Sheffield Heat and Power Ltd
Shell Gas Direct Limited
Shotton Combined Heat & Power Ltd +Peterborough
Power
Slough Energy Supplies Ltd
SMARTESTENERGY LTD
South Coast Power Ltd
Southern Electric Power Distribution plc

SP MANWEB plc
Spalding Energy Company Ltd
SSE Energy Ltd
Statnett SF
Sutton Bridge Power
Telecom Plus PLC
Thameside Energy Park Ltd
The Renewable Energy Co. Ltd
TotalFinaElf Gas and Power Ltd
TXU Europe
UKAEA
Unit Energy Ltd
United Utilities
Utility Link Ltd
Wainstones Power Ltd

Warwick Energy (MFS) Ltd
West Burton Ltd
Western Power Distribution
Yorkshire Electricity Group plc (distribution)
Zest4 Ltd

Appendix C

Consultation Paper J/03

Appendix D

Representations/objections arising during the consultation process
and subsequently maintained.

Mr. David Payne
 Commercial Frameworks, Industry Codes
 National Grid Company plc
 National Grid Transco House
 Warwick Technology Park
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Name John Norbury
 Phone 01793 892667
 Fax 01793 893051
 E-Mail john.norbury@RWE.com

3rd October 2003

Dear David

**Grid Code modifications to support the introduction
 of a “Maximum Generation Service” (Ref. J/03)**

Thank you for your e-mail dated 22nd September 2003 inviting comments on the above Grid Code Consultation Document. The following comments are provided on behalf of RWE Innogy plc, Innogy Cogen Limited, Innogy Cogen Trading Limited, Npower Limited, Npower Direct Limited, Npower Northern Limited, Npower Northern Supply Limited, Npower Yorkshire Limited, Npower Yorkshire Supply Limited.

The proposed Grid Code changes are intended to enable a “Maximum Generation Service” to be offered as a commercial service, such a service being instructed by NGC as one of a number of “Emergency Instructions” which it may utilise during “emergency circumstances”. We firmly believe that this proposed service and associated Grid Code changes are unnecessary and, if implemented, would fail to meet the objectives of the Transmission Licence in respect of the Grid Code and the Procurement and Use of Balancing Services.

1. No grounds for such a Maximum Generation Service

The proposed Maximum Generation Service is being promoted by NGC on the basis that energy produced under this service would be non-firm and not incur a use of system charge liability. However, NGC is already able to access this additional generating capacity on a similar basis through the existing provisions of the Grid Code, CUSC and BSC: -

- (i) Grid Code DRC Schedule 2 requires “MW available from Generating Units in excess of Registered Capacity” to be submitted to NGC as part of the Generation Planning Parameters. NGC is therefore either aware of, or is entitled to request under the provisions of the Grid Code, the generating capacity that might be available under emergency circumstances.

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- (ii) Grid Code BC2.9.2.3 allows NGC to issue Emergency Instructions to BM Units to operate outside of their dynamic parameters. This would include operation of a BM Unit in excess of its Registered Capacity or MEL.
- (iii) BC2.9.2.3 provides for this Emergency Instruction to be treated as a Bid-Offer Acceptance whilst BSC Q5.1.4 allows the data items associated with such a BOA to be “derived or reasonably inferred”. This provision, which allows a BOA to apply only against energy delivered in response to an Emergency Instruction, effectively allows the energy to be dealt with on a non-firm basis.
- (iv) Similarly, CUSC 3.2.3 (a) allows NGC to issue an Emergency Instruction that enables the export onto the Transmission System to exceed the contracted TEC. This provision therefore allows energy to be delivered in response to an Emergency Instruction without the need for the BM Participant to either increase the contracted level of TEC or to pay the corresponding increased use of system charge.

If NGC considers that the Grid Code is not sufficiently clear that the above provisions may apply during emergency circumstances, it may be appropriate to propose a relatively straightforward Grid Code change in order to clarify this.

2 **The Maximum Generation service would fail to meet the Licence objectives**

We are extremely concerned that, should such a service be introduced it would have the following detrimental impact on the trading arrangements:-

- (i) This proposal seeks to add yet another layer of opaque bilateral agreements to the electricity trading arrangements. The existence of such bilateral agreements, by their very nature, detracts from the transparency of the balancing mechanism, distorts market operation and reduces market efficiency. If NGC believes that the introduction of such an arrangement would benefit the electricity trading arrangements, we would welcome its proposals of how market transparency and equitable treatment between participants would be achieved.
- (ii) The conditions under which emergency circumstances would prevail are not defined in the Grid Code, such conditions being identified only by NGC in “its reasonable opinion”. Consequently, it is unclear under what precise circumstances such a commercial service would be implemented by NGC, if indeed such a service could be deemed to apply during emergency conditions. The addition of this further option, in the form of this proposed commercial service, would add to the

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uncertainty of ongoing actions as far as affected users are concerned.

- (iii) Similarly, the Grid Code gives no indication of the sequence of actions or priorities to be adopted by NGC under emergency circumstances. Given that this proposed service would present NGC with a choice of instructing BM Participants under either a BOA or a “Maximum Generation Service”, without unduly fettering the System Operators discretion we would welcome a statement from NGC of how this decision would be made and how the subsequent transparency of its actions would be achieved.
- (iv) It is our view that NGC could offer to enter into a similar type of “Maximum Generation Service” with BM Participants at any time and not just during emergency circumstances. It would appear that this commercial service is being proposed to apply only during a emergency circumstances solely to allow the BM Participant to exceed its contracted TEC and, implicitly, avoid use of system charges. We believe, therefore, that the primary objective of this proposed service is that of avoidance of use of system charges and not directly a technical issue to be addressed in the Grid Code. Indeed, if such a service were required, it would be preferable for it to apply before emergency circumstances prevailed in order to contribute to preventing such circumstances arising.

If you wish to discuss this further please do not hesitate to contact me.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'John Norbury', with a long horizontal stroke extending to the right.

John Norbury
Grid Connections Manager

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RWE Innogy



Mr. David Payne
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Commercial Frameworks, Industry Codes
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Name John Norbury
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16th October 2003

Dear David

**Grid Code modifications to support the introduction
of a "Maximum Generation Service" (Ref. J/03)**

Thank you for your letter dated 13th October 2003 responding to our comments on the above consultation paper dated 3rd October 2003.

In our comments we argued that there are no grounds for the proposed new service, on the basis that the purported benefits, namely a non-firm delivery and the ability to exceed TEC under emergency circumstances, are already covered under the existing industry codes. We also argued that such a service would fail to meet the relevant Licence objectives and would have a detrimental impact on the trading arrangements.

I am therefore perplexed by your response that "...although interesting, our comments are related to the need for, the governance arrangements and the nature of the proposed new service, which is covered by the associated consultation on proposed changes to Licence Condition AA4 documents." As Core Industry Documents, the Grid Code, CUSC and BSC define the framework within which the trading arrangements operate. It is not appropriate for the Core Industry Documents to be changed in order to accommodate a new commercial service that NGC may wish to propose under the provisions of its Condition AA4 statements.

Given that NGC has not refuted any of our arguments against the Grid Code modification, we maintain our objection to this proposed change.

Yours sincerely

John Norbury
Network Connections Manager

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ENERGY BRANCH

Our Ref
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David Payne
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Date 6 October 2003

Dear David,

**Grid Code consultation J/03: modifications to support
the introduction of a “Maximum Generation Service”**

EDF Energy welcomes the opportunity to respond to this consultation document on proposed changes to the Grid Code to support the introduction of a Maximum Generation Service.

We do not agree with the proposed addition in BC2.9.1.2 (e) (ii) which cites the need to request provision of a Maximum Generation Service as an example of a circumstance that may require the issue of Emergency Instructions. It is our view that the Maximum Generation Service is a tool that may be used to remedy such emergency circumstances rather than an emergency circumstance in itself. We therefore believe that BC2.9.1.2 (e) (ii) is not required and should be deleted from the proposed modifications.

Consequent on the above suggested change, clause BC2.9.2.4 would also need to be changed to remove the reference to BC2.9.1.2 (e) (ii).

The proposed changes do not specify what circumstances would give rise to the need to request provision of a Maximum Generation Service.

We hope that you will find these comments useful. Please do not hesitate to contact me on 0207 752 2526 if you have any queries regarding this response.

Best regards

Rupert Judson
Transmission Infrastructure
& Development Manager

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Date 15 October 2003

Dear David,

**Grid Code consultation J/03: modifications to support
the introduction of a "Maximum Generation Service"**

Thank you for your reply to the concerns raised in our response to the Grid Code consultation J/03.

We remain concerned that the proposed change to the Grid Code BC2.9.1.2(e)(ii), to include Maximum Generation Service as a circumstance that may require the issue of an Emergency Instruction, does not make reference to any definition of "the need to request provision of a Maximum Generation Service". However, the other examples of circumstances requiring the issue of emergency instructions in BC2.9.1.2 do make reference to other parts of the Grid Code where the particular circumstances are specified.

We hope that you will find these comments useful. Please do not hesitate to contact me on 0207 752 2526 if you have any queries regarding this response.

Best regards

Rupert Judson
Transmission Infrastructure
& Development Manager

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Mr David Payne
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Date: 3 October, 2003

Dear David,

**Grid Code Consultation J/03 – Grid Code Modifications to support the introduction of a
“Maximum Generation Service”**

Thank you for your e-mail of 22nd September 2003, inviting comments on the above consultation. This response is on behalf of Powergen UK, Powergen Retail and Cottam Development Centre Limited.

We believe that the governance arrangements proposed for Maximum Generation Service (MGS) are inappropriate, and that changes should be made to the CUSC and possibly the BSC to support this service. Although Powergen acknowledges the non firm nature of delivery, this does not seem insurmountable, so to allow MGC delivery on a non firm, reasonable endeavours basis, we would propose the following arrangements.

1. The terms of the agreement are placed in the CUSC. A provider can opt -in or out as they see fit.
2. MGS instructions can be given to a BM participant to increase output to a level beyond the unit's dynamic parameters – this will be given as a BOA in the normal way.
3. Payment for the MGS will be made at OP5 – this will be achieved by a difference payment under the CUSC

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4. If the generator does not deliver energy for the MGS part of the BOA, NGC will nominate the shortfall via ABSVD such that there is no imbalance exposure
5. MGS instructions may only be issued once NGC has called a “system emergency”, and would be tagged with an AS instruction via EDT/EDL
6. Such an instruction would be published on the BMRS

The implication of this proposal is that Maximum Generation Service is a CUSC issue, not a Grid Code issue.

If the changes proposed by NGC should be implemented, Powergen has the following concerns:-

1. There is no definition of what constitutes circumstances under which Emergency Instructions may be issued, and the interaction between such instructions and unaccepted Offers is unclear.
2. The governance arrangements for MGS would be opaque and bilateral. This was not the case for the similar “Pool World” service of Maxgen, where prices and indicative delivery volumes were transparent to all Parties.
3. NGC will be unable to access plant which has a TEC of 0 MW, but which may be able to provide generation under emergency conditions. For example the proposals do not appear to enable demand side participation or participation by BM Non-participants. There is no obvious way to include CHP Sites which may be able to either reduce demand or increase generation. Powergen believes that as the amount of Embedded Licence Exempt generation increases, it may be sensible for the governance arrangements to be inclusive of these participants.

If you have any queries, please do not hesitate to contact me on 024 7642 5378.

Yours sincerely,

Claire Maxim
Senior Commercial Analyst

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Mr David Payne
Industry Codes Commercial Frameworks
National Grid Company plc
National Grid Transco House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Date: 15 October, 2003

Dear David,

**Grid Code Consultation J/03 – Grid Code Modifications to support the introduction of a
“Maximum Generation Service”**

Thank you for your letter of 13th October responding to our comments on the above consultation. This letter is on behalf of Powergen UK, Powergen Retail and Cottam Development Centre Limited.

Powergen has grave concerns that as a core industry document for technical requirements, Grid Code is an inappropriate place to implement requirements for the proposed Maximum Generation Service. This service is about energy, not about a technical requirement. Equally, the implementation of Maximum Generation Service should not be driven by consultations on documents published pursuant to Licence Condition AA4.

If you have any queries, please do not hesitate to contact me on 024 7642 5378.

Yours sincerely,

Claire Maxim
Senior Commercial Analyst

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From: Maxim, Claire
Sent: 20 October 2003 17:03
To: Payne, David - NGT House
Cc: Ridley, John (ET)
Subject: J/03 Consultation

David,

As discussed earlier by phone, here is my summary of Powergen's position on Grid Code Consultation J/03.

Powergen does not believe that the governance arrangements proposed for the Maximum Generation Service are appropriate for the long term. It is therefore difficult for us to support changes which are consequential upon those governance arrangements being approved.

However, we accept that the changes proposed to the Grid Code are appropriate to the governance being proposed under the Licence Condition AA4 consultation.

We believe that the MGS Service is about energy delivery, not about meeting a technical requirement, and the governance arrangements should reflect this.

Powergen therefore has a sustained objection to the changes the Grid Code proposed by consultation J/03, because those changes are consequential on other proposals which Powergen does not support.

Kind regards

Claire

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