

Minutes	
Meeting name	Electricity Balancing System Group
Meeting number	5
Date of meeting	01 March 2012
Time	10:00 - 15:00
Location	National Grid, Wokingham

Attendees		
Name	Initials	Company
Campbell McDonald	CM	SSE
Christopher Proudfoot	CP	Centrica
Dan Webb	DW	Seabank
Graham Bunt	GB	EDF Energy
Hannah McKinney	HM	EDF Energy
John Lucas	JL	Elexon
John Norbury	JN	RWE
Lisa Waters	LW	Waters Wye
Nick Sargent	NS	National Grid (Technical Secretary)
Robert Paterson	RP	National Grid
Shaf Ali	SA	National Grid (Chair)
Simon Amos	SAM	Barking Power
Simon Peter Reid	SR	Scottish Power (by phone)

Apologies		
Name	Initials	Company
Karen Davies	KD	Seabank
Martin Mate	MM	EDF Energy
Scott Keen	SK	Intergen

Introduction

SA welcomed the attendees and opened the meeting.
SA introduced the agenda. No additional items were proposed and the agenda was accepted by all.

1 Approval of Minutes from the last meeting

GB advised that he was incorrectly recorded as presenting certain comments for discussion in the last minutes. This was an oversight by NS and has been corrected.

CM referred to the impact of Article 9 of the European code on Requirements for Generators (to be implemented in 2014) and the EBSG concluded that it should remain aware of the implications of all European codes for the EBS.

2 Review of Actions

Action 11/05	Ongoing action. NS circulated the latest version ahead of the meeting. To discuss meeting dates later
Action 11/11	This is a low priority action to be arranged when other EBS issues have been cleared off (RP). It will be left as live though (SA) so that it's not ignored (CP)
Action 12/01	Closed. Lisa present at this meeting.
Action 12/02	Closed. RP obtained links to Grid Code documents on this. It doesn't look different to what was there before. Previous meetings have talked about reactive power instructions. This procedure is not changing anything (RP)
Action 12/03	Closed. Rewording undertaken by RP
Action 12/04	Closed. Distribution undertaken by NS
Action 12/05	Closed. No longer required

Update from the EBS Multi Shaft Modelling Subgroup

RP gave a brief overview of the last EBS MSM advising that many of the attendees of the EBS MSM subgroup meeting were also in attendance today.

The subgroup meeting revolved around RP putting forward an option that didn't significantly change industry codes but allowed improved modelling of multi shaft modules (RP). However, industry representatives thought that without changes to the prices that could be submitted, the value of the improved modelling would be limited.

SAM and RP have drafted a paper to go to the GCRP and RP showed a presentation entitled "BM Pricing Issue" that would accompany the draft paper. As a number of subgroup members had seen this, RP focussed on explaining the pricing diagram which showed three factors (offer price, minimum on time, and minimum output) which a generator could vary to recover its start-up costs.

CP raised a question about non-convex pricing. Non-convex pricing is problematic in terms of algorithms (RP).

A lot of effort is going into the technical side of this issue by the MSM group; the key issue is how to deal with the start up cost of the additional Gas Turbine (SAM).

JN took a straw poll across his operational colleagues and it seems this pricing issue proposal is a backward step; going back to CEGB days. All getting complicated, is it worth the while, where would it stop? People would make mistakes or just not do it (JN). RP responded that the paper was raising an issue, not proposing a solution.

GB suggested that if you've got more than one turbine you have to make it worth their while.

Further discussion suggested that smaller independents will have to work harder (CM), but there are benefits to single shaft plant generators(CP). It is however complicated to feed into cash out (CP).

Comments received from SAM referred to BSC objectives (RP), that of promoting effective competition in generation and supply of electricity – a strong objective for them to consider (RP). In the submission, it would be worth referring to BSC objectives (JL).

Discussion returned to the pricing issue:

This will be optional (CM). Unless we can get the pricing to be flexible, there's no point in the rest (CM).

It's still worth raising the defect though even if ultimately it goes nowhere as at least decisions will have been made in possession of the relevant information (RP).

More flexibility and a more attractive offer would be better (SPR).

As for the diagram content:

This is a good diagram to explain complex issues (SA).

JN did not like the reference to Cost Over Recovery. Agreed (SAM). Economic Operation would sit better (JN).

Or Less Efficient Pricing/Non Cost Effective? (LW)

Maybe consider potentially uncompetitive prices (SAM) with explanations within the text (JN).

Text can be updated (RP).

If the industry is seen asking for more prices, the assumption is the industry will make more money. Cost Over Recovery gives the message that the bills *might* be smaller (RP)

Irrelevant. This is about allowing generators to be able to produce (JN) and pricing competitively (SAM). Would prefer to avoid Cost Over Recovery as a term (SAM).

Change the contentious term to "economically efficient" (LW).

Agreed to use the term "inefficient pricing" (RP).

It would be useful to have a paragraph summarising the expected impact on market prices; giving industry comfort that generators can submit more competitive prices (JN)

Scottish Power would prefer to submit a more competitive price to National Grid (SPR)

A variable cost element plus profit that must be added to run a second unit (GB).

Amount of cost recovered is generators business, no one else's (SPR).

The pricing model is inefficient when the generating unit is instructed above commercial minimum (SPR).

In terms of process, National Grid will take this to GCRP who will decide what to do about it (SA). If GCRP needs EBS input in terms of system functionality, National Grid can support this (SA).

Action: RP to amend the *Balancing Mechanism Pricing Issue* paper and diagram to encompass comments made (e.g. use of “inefficient pricing” rather than Cost Over Recovery as terminology)

Draft Grid Code TSL Change – Lisa Waters

LW presented the paper as self explanatory and hoped that everyone had been able to review it (LW).

The main working group paper is looking at wider issues whereas the Eggborough paper is looking at a specific issue (LW) (CP). As the Group paper covers wider issues and will take time in process, Eggborough has raised this paper as it needs a quicker solution (LW).

The Group paper is a consultation, whereas the Eggborough paper says “this is the change required” (LW).

RP asked how Eggborough is currently working around the issue? How is the lack of TSL causing issues for Eggborough? (RP).

Eggborough is using BSC parameters as work-arounds but this is not an ideal solution. Issues arise from a small company having no full time Ops Team to deal with such parameters (LW).

If such parameters are not actively managed, they could create problems such as pulling forward maintenance programs, inefficient holding of fuel supplies, and causing general problems for old equipment (LW).

Everyone thought TSL was taken into consideration by National Grid (LW) but this has not been so.

This will become a significant issue for lots of existing equipment (LW). In the future this will affect more than coal plant as generators need to be more flexible (LW).

Is the point that the unit can't start up again within 24 hour period, or is it to ensure they receive suitable compensation for another start? (RP).

The issue is that Starts/Stops trigger maintenance (LW). Generally agreed by attendees.

The risk to the plant of undertaking two starts in a day is uneconomic (CM). There is also no way of knowing that this would be a one off requirement or something more regular (CM).

Don't like the terminology “Two Shifting Limit” as more than two starts could be requested in a day. Where is it defined? (CM).

Station Manager should have final say on two shifting (CM).

Could it be called “Start Limit”? (LW) (CM).

National Grid will have a worse issue with this going forward. Although flexibility is required, the older equipment is not designed for this type of operation (LW).

These plants are designed for base load, not for restarting flexibility (CMB).

With the increase of wind, power prices will go so low that generators will two shift anyway (RP). Disagree (LW) (SPR).

Does anyone have a genuine technical restriction on the number of starts/stops in a 24 hour period? (RP).

There is a technical restriction on the number of starts (CM) which then lead into maintenance.

TSL works within a day, and this is the key problem with it (RP).

It's not the restriction on starts/stops, it's the short time period over which this applies (RP).

Consider starts over a 2 year period perhaps, apportioned as an average to a day (RP). Depending on the weather etc, some days there would be high utilisation,

some days low and some days none. The daily limit restricts utilisation to the average.

Should be a rolling 24 hours not an operational day (DW). Good point (SPR).

This requirement increases regulatory risk on generators (LW).

National Grid does not know when they need generators and as such, generators need to protect themselves against that (CM).

Difficult to manage through pricing but no one knows what cost impact is (SAM).

We're not operating based on what we're getting in the BM (LW).

Ultimately, generators will find a way to prevent being double two shifted (SAM).

JN agrees. TSL through other parameters has not been an issue (JN).

National Grid's focus is on the BM. The generators focus is on delivering power to customers (LW).

We've been focussing on individual generators but JN makes a valid point on what is the impact on the greater market (SA).

The impact will depend on the asset (GB).

JN requested clarity on which paper is going to consultation.

It would be good to include the discussions on the Eggborough paper within the consultation (SA)

The consultation contains a proposed updated definition of TSL (RP).

JN was concerned that the Eggborough paper will just be referred back to the Group by the Panel, and ultimately back to the Group consultation paper (JN).

Panel support has been sought for the Eggborough paper (LW).

The Eggborough paper addresses the time issue; the time that papers take within the process (CP).

This is the nature of the process unfortunately (SA). We will include discussions on the Eggborough paper within the consultation (SA).

Eggborough are changing their dynamics daily to protect themselves (CM) although National Grid has clearly stated at the panel that TSL is an unrecognised parameter (CM).

Eggborough has serious commercial concerns about National Grid's interpretation (LW) and has no fallback position.

Large generators have a good idea when plant will be brought on and off (CP)

Consequently, LW makes a good point for the smaller generators (SPR).

LW is looking for recognition of existing parameters (CM) as TSL is present in OC2 but doesn't go into the BM (CM)

RP presented two NETA Ofgem papers that showed that TSL was not in the list of dynamic parameters for NETA, and which envisaged that the number of dynamic parameters might reduce as Gate Closure shortened.

Less relevant today though (LW). DECC thinks that all power stations are very flexible and this is just not the case (LW).

We need a system that understands the flexibility of each power station (LW). We could therefore be wasting time. Should we ask Ofgem for direction? (CM)

4 Draft Two Shifting Limit Consultation

The Consultation was updated following receipt of comments and questions were refined (SA).

The idea was to allow for/against parties to put forward their arguments and have their say (RP).

JN has provided comments already (SA). CP would like to provide comments. Others

to follow.

Action: HM to forward EDF comments to the EBSG distribution list. - HM

CM supports the structure of the Consultation but JN is not sure what this paper provides. It's yes/no IT speak.

TSL could be taken into account as a parameter beyond the wall (JN).

It's not a beyond the wall issue though – TSL was a “may take account of” parameter (RP).

The beyond the wall test could be applied to more parameters therefore (JN).

BC2.7.2 applies to this though (RP).

There's a chance that these parameters may not do what they're designed to do (CM). SPR has experience of where a parameter was ignored in error by National Grid.

There is concern that these parameters could be ignored on a daily basis, not just in exceptional circumstances (SPR). RP asked the meeting whether they had any experience of National Grid ignoring formal parameters. No (All). It would be National Grid's intention to continue to respect formal parameters (RP).

There might be a third option not recognised in the paper – that parameters would be treated under Other Relevant Data (JN) although they may still be ignored (DW).

Understanding which parameters are taken into account or not would be a much better idea (RP).

Parameters need to be formally set therefore (DW).

If parameters are not formalised, how do you know what you're competing against? (RP). The consultation aims to address this (SA).

The paper does not fully address certain issues. A missing question is “are we missing any other parameters” (LW).

The people around the room are to make the for/against arguments and we can tack on the end the question of whether there's anything else (RP).

Who will argue For – CP CM EDF LW

Who will argue Against - JN National Grid

Respondents are asked to send a combined response to National Grid (SA).

CP asked what National Grid's view would be? Against TSL and For for the other parameters (RP)

Other parameters: sync, de-sync, last time to cancel. Volunteers for pros and cons? (SA).

For : DW EDF and Scottish Power

What are the timescales for desync intervals? (JN). Arguments for/against will depend if it's within BM window or not (JN). RP questioned this as, if the interval was 30 minutes, there may still be “out of BM window” impacts as the unit is ramped up. We didn't discuss if we should propose a limit but should ask the industry (SA).

Its not only thermal stations that have a last time to cancel, hydros also do (CM). Could be as short as 5 minutes or less. Agreed, will modify the text at the start of this section (RP).

How would National Grid police any unrealistic data, manipulated for commercial reasons? (SPR). Transparency needs to be brought out in the paper as the Consultation is less about usefulness, more about process. (JN).

Can people respond by 16 March? SA Gives a few days to put into final form before meeting on 27th

Action: Co-ordinated response in favour of TSL to be received by National Grid no later than 16 March – CP CMD HM LW

Action: Co-ordinated response in favour of sync, de-sync and last time to cancel to be received by National Grid no later than 16 March – DW HM SPR

Action: NS/RP to put responses and Consultation into final draft form and distribute before the next EBSG meeting on 27 March – NS, RP

Proposed meeting dates

Reviewed.

Next meeting Tue 27 March (not LW or JN)

Conf Dining Room booked for Thu 31 May

5 Next Steps

Actions to be distributed - NS

8 AOB

None