

CUSC Amendment Proposal Form	CAP016
Title of Amendment Proposal: Changes to re-introduce certain adjustment factors into imbalance calculations.	
Description of the Proposed Amendment (mandatory by proposer): Revisions made to the legal text of Section 4 of the CUSC following the approval and implementation of CUSC Amendment Proposal CAP001 have led to adjustment factors K_T and K_{GRC} and shortfall factors SF_P , SF_S and SF_H being incorrectly omitted from the imbalance calculations. This Amendment seeks to rectify this omission by re-introducing the factors into the imbalance calculation methodology contained in Section 4 of the CUSC.	
Description of Issue or Defect that Proposed Amendment seeks to Address (mandatory by proposer): CUSC Amendment Proposal CAP001 was approved via the Urgent CUSC Amendment Proposal procedure. Following such approval and implementation, the CUSC Amendments Panel initiated a Review of the Amendment in accordance with 8.21.8 of the CUSC. The Review (carried out by the Balancing Services Standing Group) highlighted a minor error in the legal drafting of Section 4 concerning adjustment factors K_T and K_{GRC} and shortfall factors SF_P , SF_S and SF_H (that had mistakenly been omitted from the imbalance calculations). Although the error has no real material impact at this stage (as the factors are either inactive or are very rarely used) it is important to correct the legal drafting in line with the intent of the original amendment. The factors that have been omitted are set out in Paragraph 4.1.3.9 of the CUSC and serve the following purposes: <ul style="list-style-type: none"> • K_T is the ambient temperature adjustment factor and is currently set at 1 until such time that an appropriate methodology for use is developed and agreed; • K_{GRC} is the plant configuration factor where the BM unit is a CCGT and values are contained in the MSA; and • SF_P, SF_S and SF_H are shortfall factors relating to Primary, Secondary and High frequency response and currently set at zero until such time that an appropriate methodology for use is developed and agreed. 	
Impact on the CUSC (this should be given where possible): See attached draft text.	
Impact on Core Industry Documentation (this should be given where possible): None.	
Impact on Computer Systems and Processes used by CUSC Parties (this should be given where possible): None.	
Details of any Related Modifications to Other Industry Codes (where known): CAP001/CAP009	
Justification for Proposed Amendment with Reference to Applicable CUSC Objectives (mandatory by proposer): The justification for the Amendment Proposal is the same as for CAP001, i.e. by more closely aligning Ancillary Services payments to the costs incurred by providers, National Grid can purchase such services from the most economic sources. Furthermore, improving clarity and removing uncertainty from the CUSC documentation enables National Grid to more easily and efficiently discharge its obligations under the Act and the Transmission Licence and fulfil its obligations to facilitate competition in the generation and supply of electricity.	

Details of Proposer: Organisation's Name:	The National Grid Company plc
Capacity in which the Amendment is being proposed: (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	John Greasley National Grid 024 7642 3170 john.greasley@uk.ngrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Richard Phillips National Grid 024 7642 3184 richard.phillips@uk.ngrid.com
Attachments (Yes/No): Yes	
If Yes, Title and No. of pages of each Attachment: Legal Text to Accompany Proposed Amendment (15 Pages).	

Notes:

Those wishing to propose an Amendment to the CUSC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 8.15 of the CUSC. The form seeks to ascertain details about the Amendment Proposal so that the Amendments Panel can determine more clearly whether the proposal should be considered by a Working Group or go straight to wider National Grid Consultation.

The Panel Secretary will check that the form has been completed, in accordance with the requirements of the CUSC, prior to submitting it to the Panel. If the Panel Secretary accepts the Amendment Proposal form as complete, then he will write back to the Proposer informing him of the reference number for the Amendment Proposal and the date on which the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, then he may reject the Proposal. The Panel Secretary will inform the Proposer of the rejection and report the matter to the Panel at their next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform the Proposer.

The completed form should be returned to:

Mark Cox
Panel Secretary
Commercial Development
National Grid Company plc
National Grid House
Kirby Corner Road
Coventry, CV4 8JY

Or via e-mail to: CUSC.Team@uk.ngrid.com

(Participants submitting this form by email will need to send a statement to the effect that the proposer acknowledges that on acceptance of the proposal for consideration by the Amendments Panel, a proposer which is not a CUSC Party shall grant a licence in accordance with Paragraph 8.15.7 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

Attachment

LEGAL TEXT TO ACCOMPANY PROPOSED AMENDMENT

4.1.3 Frequency Response

Introduction

4.1.3.1 Each applicable **User** is obliged to provide (for the avoidance of doubt, as determined by any direction in force from time to time and issued by the **Authority** relieving that **User** from the obligation under its **Licence** to comply with such part or parts of the **Grid Code** or any **Distribution Code** or, in the case of **NGC**, the **Transmission Licence**, as may be specified in such direction) the **Mandatory Ancillary Service of Frequency Response** referred to in **Grid Code CC 8.1** by means of **Frequency** sensitive generation in accordance with the terms of this Paragraph 4.1.3 and a **Mandatory Services Agreement** but subject always to and in accordance with the relevant part or parts of the **Grid Code** applicable thereto.

Definitions

4.1.3.2 For the purposes of this Paragraph 4.1.3:

- (i) “**Frequency Response Service**” means the **Mandatory Ancillary Service of Frequency Response** and any **Commercial Ancillary Service of Frequency Response** as may be agreed to be provided by a **User** from time to time;
- (ii) the **Mandatory Ancillary Service of Frequency Response** shall constitute operation of a **BM Unit** in accordance with **Grid Code CC 6.3.7** and **BC 3.5** (with the exception of **BC 3.5.2**), including, without limitation, under normal operating conditions with the speed governor set so that it operates with an overall speed droop of between 3% and 5% so as to provide the applicable levels of **Response** referred to in Paragraph 4.1.3.7;
- (iii) the term "instruction" means a communication whether by telephone or automatic logging device or facsimile from **NGC** to the **User** instructing a **User** in accordance with **Grid Code BC 2.8** and this Paragraph 4.1.3 to provide any **Frequency Response Service**, and derivations of the term shall be construed accordingly;
- (iv) the amendment of an existing instruction shall be deemed to be a new instruction;
- (v) an instruction will prevail until either it is countermanded by **NGC** or until the **BM Unit** to which the instruction relates is **De-synchronised** (whichever is first to occur).

NGC's Instructions to provide Mode A Frequency Response

4.1.3.3 For the purposes of instructions and calculation of payments, the **Mandatory Ancillary Service of Frequency Response** as described in this Paragraph 4.1.3 shall be referred to as “**Mode A Frequency Response**”.

4.1.3.4 **NGC** may at any time instruct a **User** to operate any one or more **BM Unit(s)** so as to provide the following components of **Mode A Frequency Response**:-

- (a) **Primary Response**;
- (b) **Secondary Response**;

(c) **High Frequency Response,**

in any of the permissible combinations set out in the relevant table in the **Mandatory Services Agreement**.

4.1.3.5 NGC shall not instruct a **User** to provide **Mode A Frequency Response** and any **Commercial Ancillary Service of Frequency Response** simultaneously.

4.1.3.6 In the event that any instruction to provide **Frequency Response** does not state whether the instruction is to provide **Mode A Frequency Response** or any **Commercial Ancillary Service of Frequency Response**, such instruction shall be deemed to be an instruction to provide **Mode A Frequency Response**.

User's Obligation to Provide Response

4.1.3.7 When a **User** is instructed in accordance with Paragraphs 4.1.3.4 and/or 4.1.3.6 to operate a **BM Unit** so as to provide any component(s) of **Mode A Frequency Response**, that **User** shall operate that **BM Unit** so as to provide, for any **Frequency Deviation** and at any level of **De-Load**, at least the amount of **Primary Response** and/or **Secondary Response** and/or **High Frequency Response** set out respectively in the relevant tables in the **Mandatory Services Agreement** (as such tables are to be interpreted in accordance with Paragraph 4.1.3.11).

Calculation of Payments

4.1.3.8 The payments to be made by NGC to a **User** hereunder in respect of the provision of any **Mode A Frequency Response** from a **BM Unit** shall be comprised of **Holding Payments** and **Imbalance Compensation Payments** and shall be determined in accordance with the formulae in, respectively, Paragraphs 4.1.3.9 and 4.1.3.9A and in accordance with Paragraphs 4.1.3.10 to 4.1.3.12 inclusive.

Payment Formulae - Holding Payments

4.1.3.9 The **Holding Payments** for a **BM Unit** to be made by NGC to a **User** referred to in Paragraph 4.1.3.8 shall be calculated in accordance with the following formula:-

$$HP_M = P_M + H_M + S_M$$

Where:

HP_M is the **Holding Payment** to be made to the **User** calculated in £ per minute.

P_M is the payment per minute to be made by NGC to the **User** for the **Ancillary Service of Primary Response** provided by the **User** from the **BM Unit** concerned pursuant to an instruction from NGC to provide **Mode A Frequency Response**, and is calculated as follows:-

$$P_M = (P_{PR} \times P_{MW} (1 - SF_P)) \times K_T \times K_{GRC} \times \left[\frac{1}{60} \right]$$

H_M is the payment per minute to be made by NGC to the **User** for the **Ancillary Service of High Frequency Response** provided by the **User** from the **BM Unit** concerned pursuant to an instruction from NGC to provide **Mode A Frequency Response**, and is calculated as follows:-

$$H_M = (H_{PR} \times H_{MW} (1 - SF_H)) \times K_T \times K_{GRC} \times \left[\frac{1}{60} \right]$$

S_M is the payment per minute to be made by NGC to the User for the Ancillary Service of Secondary Response provided by the User from the BM Unit concerned pursuant to an instruction from NGC to provide Mode A Frequency Response, and is calculated as follows:-

$$S_M = (S_{PR} \times S_{MW} (1 - SF_S)) \times K_T \times K_{GRC} \times \left[\frac{1}{60} \right]$$

In this Paragraph 4.1.3.9, the following terms shall have the following meanings:-

- P_{PR} = the appropriate payment rate for **Primary Response** set out in the **Mandatory Services Agreement**;
- P_{MW} = the **Primary Response** capability (expressed in MW) for the level of **De-Load** of the **BM Unit** concerned at the end of the minute in which the service is provided;
- H_{PR} = the appropriate payment rate for **High Frequency Response** set out in the **Mandatory Services Agreement**;
- H_{MW} = the **High Frequency Response** capability (expressed in MW) for the level of **De-Load** of the **BM Unit** concerned at the end of the minute in which the service is provided;
- S_{PR} = the appropriate payment rate for **Secondary Response** set out in the **Mandatory Services Agreement**;
- S_{MW} = the **Secondary Response** capability (expressed in MW) for the level of **De-Load** of the **BM Unit** concerned at the end of the minute in which the service is provided;
- K_T = the ambient temperature adjustment factor. NGC and each User acknowledge and agree, as between NGC and that User, that K_T shall be deemed to be 1 for the purposes of calculating payments until such time as they agree upon an appropriate formula and a suitable method of measuring the ambient temperature on a minute by minute basis which shall be set out in the **Mandatory Services Agreement**. In the event that any agreed method of measuring the ambient temperature on a minute by minute basis should fail following its implementation, then NGC and each User acknowledge and agree, as between NGC and that User, that K_T shall be deemed to be 1 until the method of measuring the ambient temperature on a minute by minute basis is restored;
- K_{GRC} = where the **BM Unit** is a **CCGT Module**, the plant configuration adjustment factor set out in the relevant table in the **Mandatory Services Agreement** for the configuration of the **BM Unit** concerned at the time at which the capability to provide the service is carried, otherwise 1;
- SF_P = 0, subject to Paragraph 4.1.3.25 (e);
- SF_S = 0, subject to Paragraph 4.1.3.25 (e);
- SF_H = 0, subject to Paragraph 4.1.3.25 (e).

Payment Formulae - Imbalance Compensation Payment

- 4.1.3.9A (a) The **Imbalance Compensation Payments** for **BM Unit i** in **Settlement Period j** to be made by NGC to a User referred to in Paragraph 4.1.3.8 shall be comprised of an **Imbalance Energy Payment** and a **Non-Delivery Payment**, and shall be calculated in accordance with the following formulae:-

$$ICP_{ij} = IEP_{ij} + RNDC_{ij}$$

But so that where ICP_{ij} is negative such amount shall be paid by the **User** to **NGC**.

Where:

ICP_{ij} is the **Imbalance Compensation Payment** to be made to or, as the case may be, by the **User**;

IEP_{ij} is the **Imbalance Energy Payment** for **BM Unit i**, in **Settlement Period j**, calculated in accordance with Paragraph 4.1.3.9A (b) below; and

$RNDC_{ij}$ is the **Non-Delivery Payment** for **BM Unit i**, in **Settlement Period j**, calculated in accordance with Paragraph 4.1.3.9A (c) below.

- (b) The **Imbalance Energy Payment** (IEP_{ij}) shall be calculated as follows:-

$$IEP_{ij} = LFIEP_{ij} + HFIEP_{ij}$$

Where:

$LFIEP_{ij}$ is the low frequency response imbalance energy payment for **BM Unit i**, in **Settlement Period j**, and $HFIEP_{ij}$ is the high frequency response imbalance energy payment for **BM Unit i**, in **Settlement Period j**, and are calculated as follows:-

if $IE_{ij} > 0$, then

$$LFIEP_{ij} = |IE_{ij}| \times (\text{reference price} - SSP_j)$$

and

$$HFIEP_{ij} = 0$$

otherwise

$$LFIEP_{ij} = 0$$

and

$$HFIEP_{ij} = |IE_{ij}| \times (SBP_j - \text{reference price})$$

Where IE_{ij} is the expected imbalance energy for **BM Unit i** in **Settlement Period j** calculated as follows:-

$$IE_{ij} = \int_0^{SPD} \left[\max(FR_{ij}(t), 0) \times (1 - SF_{LF}) + \min(FR_{ij}(t), 0) \times (1 - SF_H) \right] \times K_T \times K_{GRC} dt$$

Where:

$\int_0^{SPD} dt$ is the integral at times t , over the **Settlement Period** duration.

SF_{L,F} is equal to SF_P in the case of a BM Unit being instructed to deliver Primary Response without Secondary Response or the mean of SF_P and SF_S in the case of a BM Unit being instructed to deliver Primary Response and Secondary Response.

SF_P, SF_S, SF_H, K_T and K_{GRC} have the meanings ascribed to them in Paragraph 4.1.3.9.

FR_{ij}(t) is the expected change in **Active Power** output for **BM Unit** i, at time t (resolved to the nearest integer minute), expressed in MW derived from the relevant table set out in the **Mandatory Services Agreement** (as such table is interpreted in accordance with Paragraph 4.1.3.11) by reference to the level of **De-Load** of the **BM Unit** concerned at the end of the minute and the mean **Frequency Deviation** over that minute when that **BM Unit** is providing **Mode A Frequency Response** and zero at all other times.

For this purpose:-

- (i) for a positive **Frequency Deviation** the expected change in **Active Power** output of **BM Unit** i shall be derived from the high frequency response table set out in the **Mandatory Services Agreement** and shall be signed negative; and
- (ii) for a negative **Frequency Deviation**, the expected change in **Active Power** output of **BM Unit** i shall be derived from:
 - A) the **Primary Response** data in the case of a **BM Unit** being instructed to deliver **Primary Response** without **Secondary Response**; or
 - B) the mean of the **Primary Response** and **Secondary Response** data in the case of a **BM Unit** being instructed to deliver **Primary Response** and **Secondary Response**,

in each case shown in the low frequency response tables set out in the **Mandatory Services Agreement** and shall be signed positive.

$$\text{reference price} = \frac{(\overline{SBP}_{month} + \overline{SSP}_{month})}{2}$$

Where:

\overline{SBP}_{month} and \overline{SSP}_{month} are the calculated time weighted average of SBP_j and SSP_j respectively (each as defined in the **Balancing and Settlement Code**) for the preceding calendar month in which the service is provided.

- (c) The **Non-Delivery Payment** (RNDC_{ij}) shall be calculated as follows:-

$$RNDC_{ij} = CND_{ij} - CND_{R_{ij}}$$

Where:

CNDR_{ij} is a quantity referred to in this Paragraph 4.1.3.9A (c) as the **BM Unit Period Non-Delivery Charge (Revised)** determined as follows:-

In respect of each **Settlement Period j**, for each **BM Unit i**, a quantity referred to in this Paragraph 4.1.3.9A (c) as the **Period BM Unit Non-Delivered Offer Volume (Revised)** (QNDOR_{ij}) will be determined as follows:-

$$QNDOR_{ij} = \min\left(\max(QME_{ij} + IE_{ij} - QM_{ij}, 0), \sum_n QAO_{ij}^n\right)$$

where \sum_n represents the sum over all **Bid-Offer Pair Numbers** for the **Accepted Offer Volumes** for the **BM Unit**.

In respect of each **Settlement Period j**, for each **BM Unit i**, a quantity referred to in this Paragraph 4.1.3.9A (c) as the **Period BM Unit Non-Delivered Bid Volume (Revised)** (QNDBR_{ij}) will be determined as follows:-

$$QNDBR_{ij} = \max\left(\min(QME_{ij} + IE_{ij} - QM_{ij}, 0), \sum_n QAB_{ij}^n\right)$$

where \sum_n represents the sum over all **Bid-Offer Pair Numbers** for the **Accepted Bid Volumes** for the **BM Unit**.

Now, in respect of each **Settlement Period j**, for each **BM Unit i**, if the **Period BM Unit Non-Delivered Offer Volume (Revised)** is greater than zero then to determine values of a quantity referred to in this Paragraph 4.1.3.9A (c) as the **Offer Non-Delivery Volume (Revised)** (QNDORⁿ_{ij}), the **Period BM Unit Non-Delivered Offer Volume (Revised)** will be apportioned across accepted **Offers**, in the following way:-

In respect of each **Settlement Period j**, for each **BM Unit i**, the set of all accepted **Offers** will be ranked in order of decreasing price. The accepted **Offer** with the highest price will be allocated **Non-Delivery Order Number 1**, the next highest priced accepted **Offer** will be allocated **Non-Delivery Order Number 2** and so on until all accepted **Offers** for the **Settlement Period** have been allocated a **Non-Delivery Order Number**. The set of accepted **Offers** $\{QAO_{ij}^1, QAO_{ij}^2, \dots, QAO_{ij}^n, \dots\}$ is then a ranked set of accepted **Offers**.

The **Offer Non-Delivery Volume (Revised)** will be allocated to the first accepted **Offer** in the list first, then, once the first accepted **Offer** has been wholly accepted, to the second accepted **Offer** and so on until the **Period BM Unit Non-Delivered Offer Volume (Revised)** is fully apportioned.

Then the **Offer Non-Delivery Volume (Revised)** for accepted **Offer n**, is:

$$QNDOR_{ij}^n = \min(QAO_{ij}^n, RQNDOR_{ij}^{n-1})$$

where RQNDORⁿ⁻¹_{ij} is a quantity referred to in this Paragraph 4.1.3.9A (c) as the **Remaining Period BM Unit Non-Delivered Offer Volume (Revised)** determined as:

$$RQNDOR_{ij}^n = RQNDOR_{ij}^{n-1} - QNDOR_{ij}^{n-1}$$

$$\text{and } RQNDOR_{ij}^0 = QNDOR_{ij}$$

$$\text{and } QNDOR_{ij}^{n_o} = 0 .$$

Now, in respect of each **Settlement Period** j , for each **BM Unit** i , if the **Period BM Unit Non-Delivered Bid Volume (Revised)** is less than zero then to determine values of a quantity referred to in this Paragraph 4.1.3.9A (c) as the **Bid Non-Delivery Volume (Revised)** ($QNDBR_{ij}^n$), the **Period BM Unit Non-Delivered Bid Volume (Revised)** will be apportioned across accepted **Bids**, in the following way:-

In respect of each **Settlement Period** j , for each **BM Unit** i , the set of all accepted **Bids** will be ranked in order of increasing price. The accepted **Bid** with the lowest price is allocated **Non-Delivery Order Number 1**, the next lowest priced accepted **Bid** is allocated **Non-Delivery Order Number 2** and so on until all accepted **Bids** for the **Settlement Period** have been allocated a **Non-Delivery Order Number**. The set of accepted **Bids** $\{QAB_{ij}^{n_1}, QAB_{ij}^{n_2}, \dots, QAB_{ij}^{n_u}, \dots\}$ is then a ranked set of accepted **Bids**.

The **Bid Non-Delivery Volume (Revised)** will be allocated to the first accepted **Bid** in the list first, then, once the first accepted **Bid** has been wholly accepted, to the second accepted **Bid** and so on until the **Period BM Unit Non-Delivered Bid Volume (Revised)** is fully apportioned.

Then the **Bid Non-Delivery Volume (Revised)** for accepted **Bid** n , is:

$$QNDBR_{ij}^n = \max(QAB_{ij}^{n_u}, RQNDBR_{ij}^{u-1})$$

where $RQNDBR_{ij}^{u-1}$ is a quantity referred to in this Paragraph 4.1.3.9A (c) as the **Remaining Period BM Unit Non-Delivered Bid Volume (Revised)** determined as:

$$RQNDBR_{ij}^u = RQNDBR_{ij}^{u-1} - QNDBR_{ij}^{n_{u-1}}$$

$$\text{and } RQNDBR_{ij}^0 = QNDBR_{ij}$$

$$\text{and } QNDBR_{ij}^{n_o} = 0 .$$

In respect of each **Settlement Period** j , for each **BM Unit** i , for each accepted **Offer**, a quantity referred to in this Paragraph 4.1.3.9A (c) as the **Non-Delivered Offer Charge (Revised)** will be determined as follows:-

$$CNDOR_{ij}^n = QNDOR_{ij}^n \times \max((PO_{ij}^n - SBP_j), 0) \times TLM_{ij}$$

In respect of each **Settlement Period** j , for each **BM Unit** i , for each accepted **Bid**, a quantity referred to in this Paragraph 4.1.3.9A (c) as the **Non-Delivered Bid Charge (Revised)** will be determined as follows:-

$$CNDBR_{ij}^n = QNDBR_{ij}^n \times \min((PB_{ij}^n - SSP_j), 0) \times TLM_{ij}$$

In respect of each **Settlement Period** j , for each **BM Unit** i , the **BM Unit Period Non-Delivery Charge (Revised)** ($CNDR_{ij}$) will be determined as follows:-

$$CNDR_{ij} = \sum_n (CDNOR_{ij}^n + CNDBR_{ij}^n)$$

where \sum_n represents the sum over all **Bid-Offer Pair Numbers** for the **BM Unit**.

- (d) In this Paragraph 4.1.3.9A, the following terms shall have the meanings ascribed to them in the **Balancing and Settlement Code**:-

“Accepted Offer Volumes”
 “Accepted Bid Volumes”
 “Bid”
 “Bid-Offer Pair Numbers”
 “BM Unit Period Non-Delivery Charge”
 “CND_{ij}”
 “Non-Delivery Order No.1”
 “Non-Delivery Order No.2”
 “Offer”
 “QABⁿ_{ij}”
 “QAOⁿ_{ij}”
 “QM_{ij}”
 “QME_{ij}”
 “SSP_j”
 “SBP_j”
 “SPD”

- 4.1.3.10 NGC and each **User** acknowledge and agree, as between NGC and that **User**, that no **Holding Payment** or **Imbalance Compensation Payment** shall be payable except in relation to periods in respect of which instructions have been issued by NGC pursuant to this Paragraph 4.1.3.

- 4.1.3.11 *Interpretation of Tables – Levels of Response*
 The figures for **Response** set out in the response tables in the **Mandatory Services Agreements** shall be given in relation to specific **Frequency Deviations** and to specific levels of **De-Load** for a **BM Unit**. Such tables shall, for the purposes of Paragraph 4.1.3.7, be construed in accordance with this Paragraph 4.1.3.11. Subject to Paragraphs 4.1.3.11(d) and (e):-

- (a) for a **Frequency Deviation** at a given time differing from the figures given in the relevant response tables in the **Mandatory Services Agreement**, the level of **Response** required shall be calculated by linear interpolation from the figures specified in the relevant table(s) in respect of **Frequency Deviations**;
- (b) for a level of **De-Load** at a given time differing from the figures given in the relevant response tables in the **Mandatory Services Agreement**, the level of **Response** required shall be calculated by linear interpolation from the figures in the relevant table(s) in respect of levels of **De-Load**. For the avoidance of doubt, **Frequency Sensitive Mode** shall not be instructed for any **De-Load** greater than the maximum level of **De-Load** given in the response tables;
- (c) in respect of any time in relation to which both Paragraphs 4.1.3.11(a) and (b) apply, the level of **Response** required shall be calculated by dual linear interpolation from the figures specified in the relevant table(s) in respect of **Frequency Deviations** and in respect of levels of **De-Load**;

and

- (d) for any **Frequency Deviation** greater than the greatest **Frequency Deviation** given in the relevant response tables in the **Mandatory Services Agreement** (whether positive or negative), the level of **Response** required shall be calculated by reference to the greatest **Frequency Deviation** (positive or negative, as the case may be) given in the relevant table(s); and
- (e) for the purposes of calculating levels of **Response** to be provided in response to **Frequency Deviations** lower than those specified in the response tables in the **Mandatory Services Agreement**, the relevant table(s) shall be deemed to specify that zero **Response** is to be provided for a **Frequency Deviation** of zero.

Interpretation of Tables – Levels of Holding Payment

- 4.1.3.12 The summary response table in the **Mandatory Services Agreement** shall set out figures in respect of given levels of **De-Load** for the purposes of calculating payment in accordance with the formulae in Paragraph 4.1.3.9. Where the level of **De-Load** of the **BM Unit** is other than one of the levels given in such table, then, for the purposes of the payment table in the **Mandatory Services Agreement**, the figure for P_{MW} , S_{MW} or H_{MW} as the case may be, shall be calculated by linear interpolation from the figures in such table in respect of levels of **De-Load**.

User's Request to Amend Levels of and/or Payment Rates for Response

- 4.1.3.13 Each **User** shall have the right, as between **NGC** and that **User**, not more than once every two months (or otherwise at any time with the specific agreement of **NGC**) to request in writing an amendment to the levels of **Response** set out in the response tables in the **Mandatory Services Agreement** and/or, provided such request is made in accordance with the relevant charging principles set out in Paragraph 4.4, the payment rates referred to in the payment table(s) in the **Mandatory Services Agreement**. **NGC's** agreement to such a request shall not be unreasonably withheld or delayed.

NGC's Requests to Amend Levels of Response

- 4.1.3.14 Where **NGC** reasonably considers in light of operating experience that the levels of **Response** set out in the response tables in the **Mandatory Services Agreement** do not represent the true operating capabilities of a **BM Unit(s)**, **NGC** shall have the right not more than once every two months (or otherwise at any time with the specific agreement of the relevant **User**) to request (provided always that such request be accompanied by a reasonable justification therefor) that the levels of **Response** set out in the response tables in the **Mandatory Services Agreement** be reviewed and, if appropriate, amended by agreement with such **User** such agreement not to be unreasonably withheld or delayed.

Procedure for Amendments to Levels of and/or Payment Rates for Response

- 4.1.3.15 Any amendments agreed by **NGC** and a **User** pursuant to Paragraphs 4.1.3.13 or 4.1.3.14 or determined by an arbitrator or panel of arbitrators under the **Dispute Resolution Procedure** in the circumstances referred to in Paragraph 4.1.3.16 shall not become effective until (in the case of agreed amendments) a date at least five **Business Days** after an amending agreement is entered into between **NGC** and the **User** in accordance with the **Mandatory Services Agreement** or, in the case of determined amendments, such other date as may be determined by an arbitrator or panel of arbitrators under the **Dispute Resolution Procedure** subject always to Paragraphs 4.1.3.17 and 4.1.3.19.

4.1.3.16 *Failure to Agree Amendments*
If **NGC** and a **User** are unable to agree any amendments requested pursuant to Paragraphs 4.1.3.13 or 4.1.3.14 within 28 days of either of them serving on the other notice of its intention to invoke the **Dispute Resolution Procedure** then either party may initiate the procedure for resolution of the issue as an **Other Dispute** in accordance with Paragraph 7.4.

4.1.3.17 *Dispute Resolution Procedure*
NGC and each **User** acknowledge and agree, as between **NGC** and that **User**, that rule 12.1(p) of the **Electricity Arbitration Association** shall apply to any arbitration proceedings initiated pursuant to Paragraph 7.4 in the circumstances referred to in Paragraph 4.1.3.16, but that the changes determined by any arbitrator or panel of arbitrators shall not apply in respect of any period prior to the date on which the **Dispute Resolution Procedure** is invoked.

4.1.3.18 *Implementation of Determinations*
Subject to Paragraph 4.1.3.17, any changes to payment rates determined by an arbitrator or panel of arbitrators under the **Dispute Resolution Procedure** in the circumstances referred to in Paragraph 4.1.3.16 shall apply with effect from the date specified in the determination and consequential adjustments shall be made in the next practicable **Provisional Monthly Statement** issued following the date of the determination. If any such changes are so determined to apply in respect of any period prior to the date of determination then in respect of such period until actual payment (or, as the case may be, repayment) **NGC** shall pay to the **User** (where such payment rates are determined to be greater than current payment rates) the excess together with interest thereon at the **Base Rate** and the **User** shall repay to **NGC** (where such payment rates are determined to be less than current payment rates) the amount by which **NGC** has overpaid the **User** together with interest thereon at the **Base Rate**.

4.1.3.19 Any amendments to levels of **Response** determined by an arbitrator or panel of arbitrators under the **Dispute Resolution Procedure** in the circumstances referred to in Paragraph 4.1.3.16 shall take effect from the date five **Business Days** following the relevant determination.

4.1.3.20 *Triennial Review*
Without prejudice to Paragraphs 4.1.3.13 to 4.1.3.19 inclusive, **NGC** and each **User** shall review the payment rates for the **Mandatory Ancillary Service of Frequency Response** set out in each relevant **Mandatory Services Agreement** and shall adjust such payment rates by such amount or in such manner as shall be fair and reasonable (on the basis of the charging principles set out in Paragraph 4.4) on the date specified for such purpose in the **Mandatory Services Agreement** and on each third successive anniversary thereof during the currency of that **Mandatory Services Agreement** ("**Triennial Review Date**").

4.1.3.21 **NGC** and the **User** shall meet to discuss and endeavour to agree any such adjustment to the payment rates (which shall be calculated on the basis of the charging principles set out in Paragraph 4.4) no later than five months prior to the **Triennial Review Date**. If **NGC** and the **User** have not agreed the amount of any such adjustment by the date which is one month prior to the **Triennial Review Date**, either of them may initiate the procedure for resolution of the issue as an **Other Dispute** in accordance with Paragraph 7.4. **NGC** and the **User** acknowledge and agree that rule 12.1(p) of the **Electricity Arbitration Association** shall apply to any arbitration proceedings initiated in consequence thereof.

4.1.3.22 If any adjustment to the payment rates has not been ascertained (by agreement or determination) by the **Triennial Review Date** in accordance with the provisions of Paragraphs 4.1.3.20 and 4.1.3.21, **NGC** and the **User** shall pay to the other for any interval between the **Triennial Review Date** and the date when such payment rates have been ascertained as aforesaid any sums due to that other party for the **Mandatory Ancillary Service of Frequency Response** calculated at the corresponding payment rates applicable during the period immediately preceding the **Triennial Review Date** without indexation. Upon any adjustment to the payment rates (or any of them) being ascertained as aforesaid, any additional amount or reduced amount payable or repayable for the period commencing on the **Triennial Review Date** and ending on the date when the payment rates shall have been ascertained, shall be paid or repaid by the party liable for such payment or repayment together with interest on the additional amounts which would have been payable (or the amounts by which the payments would have been reduced as the case may be) had the adjustment been ascertained at the **Triennial Review Date** at the rate applicable to overdue payments provided in Paragraph 4.3.

Implementation of Continuous Monitoring System

4.1.3.23 To the extent the same shall be acceptable to **NGC** and a **User** on the basis of a cost benefit analysis, **NGC** and a **User** agree, as between **NGC** and that **User**, to the implementation of a continuous monitoring system as soon as is reasonably practicable. The continuous monitoring system shall be in accordance with the relevant principles set out in Paragraph 4.1.3.25 for the purposes of confirming performance of the **BM Units** and adjusting payments pursuant to this Paragraph 4.1.3.

Incident Based Monitoring System

4.1.3.24 Pending implementation of the continuous monitoring system, **NGC** and each **User** agree, as between **NGC** and that **User**, to implement an incident based monitoring scheme for the purpose of confirming the performance of the **BM Units** pursuant to this Paragraph 4.1.3. Such incident based monitoring scheme shall be in accordance with the relevant principles set out in Paragraph 4.1.3.25. Neither **NGC** nor the **User** shall unreasonably withhold or delay such agreement and/or implementation.

Genset Response Monitoring

Introduction

4.1.3.25 (a) This Paragraph 4.1.3.25 sets out the principles relating to:

- (i) the proposed continuous monitoring system to be implemented pursuant to Paragraph 4.1.3.23; and
- (ii) the incident based monitoring system to apply until such time as implementation of the continuous monitoring system takes place.

Some elements of the continuous monitoring system are currently undergoing testing and development and it is accepted that if final testing of these elements proves unsatisfactory alternatives will need to be developed. Further, implementation of the continuous monitoring system shall be subject to its acceptability to **NGC** and **Users** on the basis of a cost benefit analysis.

Wherever possible the technical specification of both the incident based monitoring system and the continuous monitoring system will be designed so as to enable future development or enhancement.

Aims of Project

- (b) The aim of the monitoring project (which includes, without limitation, the development of the incident based monitoring system and the continuous monitoring system) is to develop a response monitoring system which will measure the response performance of generators against the levels of **Frequency Response** required to be provided under **Mandatory Services Agreements**.

Incident Based Monitoring Scheme

- (c) Details of the incident based monitoring scheme (including without limitation the definitions of Shortfall Period and Incident, the calculation of service delivery and the determination of Incident start and end times) will be more particularly set out in a document entitled "Procedure for Incident Based Response Monitoring" ("the PIRM Document") to be produced by **NGC** and agreed by all relevant **Users** (such agreement not to be unreasonably withheld or delayed).

For the avoidance of doubt during the period during which the incident based monitoring scheme applies, and prior to the implementation of the continuous monitoring system, for the purposes of the formulae in Paragraphs 4.1.3.9 [and 4.1.3.9A](#), the values of SF_P , SF_S and SF_H shall be zero, such that no payment reduction shall apply during such period in respect of shortfall.

Continuous Based Monitoring Scheme – Confirmation of Response Delivery

- (d) The main objective of the continuous monitoring scheme is to provide a quantitative measure of **Frequency Response** delivery against which payment can be justifiably made and to reduce payments if delivery does not comply with the **CUSC** and the **Mandatory Services Agreement**. As the capability of a **BM Unit** to provide the level of **Response** required pursuant to this Paragraph 4.1.3 for any change in **System Frequency** occurring during the period of delivery of **Response** pursuant to a prior change in **System Frequency** will be affected by the level of **Response** then being delivered, relevant fluctuations in **System Frequency** should to this extent be taken into account by the continuous monitoring scheme for the purpose of calculating payment levels.

Determination of Response Shortfall

- (e) For the purposes of the continuous monitoring system, the **Response** shortfall may take three forms:-

- (i) average **Primary Response** under-delivery;
- (ii) average **Secondary Response** under-delivery;
- (iii) average **High Frequency Response** under-delivery,

in each case over a Shortfall Period (such term to be defined prior to implementation of the continuous monitoring system).

Upon the implementation of the continuous monitoring system, for the purposes of determining any such average under-delivery, SF_P , SF_S and SF_H shall be the average under-delivery of **Primary Response**, **Secondary Response** and **High Frequency Response** respectively during the Shortfall Period in which the **Ancillary Service** was, or should have been, provided. For the purposes of the formulae in Paragraphs 4.1.3.9 [and 4.1.3.9A](#), such average under-delivery will be determined using a

continuous plant response assessment algorithm which is under development and which will be agreed with the **User** prior to its implementation and expressed in terms of $0 \leq SF \leq 1$.

Measurement of System Variables

- (f) In relation to the continuous monitoring system measurement of **System Frequency** and generator output power will be required local to the **BM Unit**. **Synchronised** time tagging of both power and **Frequency** will be required.

Frequency is required as the fundamental driving variable of the contract model software. Access to a voltage source to enable **Frequency** to be measured is not expected to cause any difficulty. The measurement of generator output power will also be required every second. Cost effective access to this measurement is, however, less straight forward. Covered below are two options describing how this will be achieved. It is expected that normally the FMS interface unit will be the method used; however, where the **BM Unit** concerned has derogations from FMS, method two may be used.

FMS Interface Unit

- (g) The use of the Final Metering System (FMS) represents a logical method of measurement since it eliminates the high cost associated with running cables to access CTs and VTs.

The high accuracy integrated data from FMS will be used to re-generate a power profile and curve fitting techniques will be applied to improve accuracy. This instantaneous power curve will then be sampled every second to obtain the required values.

Direct Measurement

- (h) Where for the reasons detailed in Paragraph 4.1.3.25(f) it is not possible to use the FMS interface unit, the use of 'ISAT' type transducers will be employed to interface between the monitoring equipment and the measurement transformers' secondary circuit.

It is envisaged that generators seeking derogations from FMS will be supportive in establishing convenient VT and CT secondary connections for this purpose.

Contract Model

- (i) The contract model is the heart of the continuous monitoring system and it is crucial to the philosophy behind the system, namely that of modelling the **Mandatory Services Agreement** and not the **BM Unit** itself.

Given the difficulty in measuring **Frequency Response** directly on loaded plant, the need to compare changes in power delivery against expectation is evident. Comparison against this model output, which in turn is based on agreed and legally binding contracts, permits an identifiable quantity of non conformity to be measured and payments to be suitably reduced.

Therefore, since the **Mandatory Services Agreement** itself is the quantifying factor, there can be no redress due to assumptions regarding the technical attributes of the **BM Unit** other than those taken into account in setting the levels of **Response**.

Functional Objective

- (j) In relation to the continuous monitoring system, the model will comprise software which uses system and instructed variables to access the contract look-up tables. The look-up tables used will precisely mimic the response tables set out in **Mandatory Services Agreements**. These variables in turn will be processed using an algorithm to determine the levels of **Response** expected at any instant in time.

It is intended that this process will be effective during both small and large **Frequency Deviations**. Indeed with regard to reduction in payment and estimated **Response** capability, response to small **Frequency Deviations** is extremely important.

Input Data

- (k) In relation to the continuous monitoring system, inputs to the contract model will include **Frequency**, all contract table data, target load, **Target Frequency**, the latest genset availability, the response instruction, LF setting (if electronically despatched) and any other information required which may be specified in the **Mandatory Services Agreement**.

Comparator

- (l) In relation to the continuous monitoring system, the comparator will determine the difference between the measured change in the level of **Output** from the **BM Unit** by way of **Frequency Response** and the change in **Output** level that is specified in the **Mandatory Services Agreement**.

Additional Costs

4.1.3.26 Save where expressly provided otherwise in the **CUSC** or any **Mandatory Services Agreement** if:-

- (a) a **User** is of the opinion that in order to comply with any change in or amendment to the **Grid Code** (other than the withdrawal of or reduction in the scope of a **Derogation**) or any statutory or regulatory obligation coming into force after the **Commencement Date** of the relevant **Mandatory Services Agreement** that **User** is obliged to incur costs and expenses for the purpose of carrying out modifications to any **BM Unit** or **CCGT Unit** or otherwise for the purposes of changing the manner of operation of a **BM Unit** or **CCGT Unit** in relation to the provision of the **Mandatory Ancillary Service of Frequency Response**; or
- (b) **NGC** is of the opinion that by reason of any change in or amendment to the **Grid Code** or any statutory or regulatory obligation coming into force after the **Commencement Date** of the relevant **Mandatory Services Agreement** a **User** is able to make savings in the cost and expense of providing the **Mandatory Ancillary Service of Frequency Response** from any **BM Unit** or **CCGT Unit**,

then either the **User** or **NGC** as the case may be may by notice in writing require the other to agree any adjustment in the rates and prices for the **Mandatory Ancillary Service of Frequency Response** and the **BM Unit** or **CCGT Unit** concerned as set out in the relevant **Mandatory Services Agreement** having regard to the charging principles set out in Paragraph 4.4. If **NGC** and that **User** cannot agree an adjustment in such rates and prices within a month of receipt by either of them of the other's written notice, either of them may initiate the procedure for resolution of the issue as an **Other Dispute** in accordance with Paragraph 7.4.

- 4.1.3.27 If, at any time during the term of a **Mandatory Services Agreement**, there is a variation in the security standards with which **NGC** is obliged to comply and such variation would, in a **User's** reasonable opinion, materially affect the operation of the services to be provided under that **Mandatory Services Agreement**, **NGC** and that **User** shall negotiate in good faith with a view to agreeing and implementing appropriate amendments to any relevant **Mandatory Services Agreement**. If they are unable to reach agreement within 28 days of either of them serving on the other notice of its intention to invoke the **Dispute Resolution Procedure**, either of them may initiate the procedure for resolution of the issue as an **Other Dispute** in accordance with Paragraph 7.4.