National Grid

GRID CODE

CONSULTATION DOCUMENT

Development of Maximum Generation Service

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

Consultation Ref	F/04
Issue	1
Date of Issue	28 May 2004
Responses required by	**5 July 2004**
Prepared by	National Grid

DOCUMENT LOCATION

National Grid website:

http://www.nationalgridinfo.co.uk/grid_code/mn_consultation_papers.html

DISTRIBUTION

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

A. Introduction

1. National Grid Company plc ("National Grid"), in accordance with its obligations under paragraph 2 of Condition 7 of the Transmission Licence, believes that the time has come to review, in consultation with authorised electricity operators liable to be materially affected thereby, the Grid Code and its implementation in certain respects.

2. This review is concerned with development of the existing Maximum Generation Service (MGS) via CUSC Amendment Proposal 071 (CAP071) and seeks to build upon the changes implemented as part of Grid Code consultation J/03 and B/04. The proposed changes to the Grid Code were discussed at the Grid Code Review Panel meeting held 20 May 2004 and Panel members agreed that having taken account of comments received at the Panel meeting National Grid should issue a Consultation Paper. Full details of the proposed Maximum Generation Service can be found in the CUSC Amendment Consultation Paper: "Development of the Maximum Generation Service"[1] issued by National Grid on 28 May 2004.

3. Following receipt of comments from those authorised electricity operators which it has consulted by this Paper, National Grid intends, in accordance with paragraph 2 of Condition 7 of the Transmission Licence and, to send to the Authority :-

   (a) a report on the outcome of its review, including this consultation process;

   (b) the proposed revisions to the Grid Code which National Grid (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives of the Grid Code referred to in sub-paragraph (b) of paragraph 1 of Condition 7 of the Transmission Licence; and

   (c) any written representations or objections from authorised electricity operators (including any proposals by such operators for revisions to the Grid Code not accepted by National Grid in the course of the review) arising during the consultation process and subsequently maintained.

4. The report will also be made publicly available on National Grid's website.

5. The revisions to the Grid Code proposed by National Grid and sent to the Authority then require approval by that body and will, if approved, come into force on such date (or dates) of which you will be notified by National Grid, in accordance with the Authority's approval.

B. Description of the proposed amendment and their effects

6. Background

[1] http://www.nationalgridinfo.co.uk/cusc consultations

6.1 This consultation paper focuses on the changes required to the Grid Code as a result of the raising of CUSC Amendment Proposal 071: "Development of a Maximum Generation Service".

6.2 CAP071 was proposed by PowerGen and presented to the February 2004 CUSC Amendments Panel, where it was sent to the CUSC Working Group stage for further consideration. For the purposes of CAP071, the Balancing Services Standing Group (BSSG) acted as the Working Group. The BSSG has now reported back to the May 2004 CUSC Panel where the decision was made to send CAP071 out to formal consultation under the CUSC Amendments procedures.

The Amendment Proposal itself has five specific elements:

- MGS is defined as the additional output offered over and above the normal commercial operating range of a BM Unit as defined by Registered Capacity (RC);
- MGS would continue only as an Emergency Service and be utilised in accordance with the CUSC;
- Reasonable endeavours approach to delivery at a point where the BM Unit is operating at a level equal to MEL;
- In order to avoid the potential for discrimination and manipulation, payment for delivery where the MEL of a BM Unit was operating at a level equal to its RC would be guaranteed in full. If a BM Unit was operating at a MEL less than RC, the BM unit would be guaranteed payment for the lower of the volume delivered or X% of RC. 'X' was not defined as part of the Amendment Proposal. Payment for delivery over and above X% would be subject to an appeals mechanism; and
- Full transparency of the service would be available, with publication of prices and volumes on an ex ante and ex post basis.

6.3 With the conclusion of the Working Group stage, NGC has, in conjunction with the working group, identified a number of consequential changes to other industry documents, such as the Grid Code and the Transmission Licence Special Condition AA4 Licence Statements. NGC intends to consult on all changes associated with CAP071 in parallel, thus allowing the industry to consider all issues associated with the development of MGS at the same time and to allow the findings on the impact of all CAP071 consultations to be presented to the Authority for consideration at the same time. Details on the proposed changes to the CUSC and the Special Condition AA4 Statements, and timescales for consultation, can be found in Appendix 2.

6.4 Please note that comments in relation to the Grid Code changes only should be provided as part of any response to this consultation. Views on the proposed changes to the CUSC or the Special Condition A Statements should be provided under the relevant consultation.

7. Proposed Changes

7.1 Maximum Generation Service is already established in the Grid Code (via Consultations J/03 and B/04) following the introduction of the new Balancing Service for the Winter 2003/04. The changes proposed as part of CAP071

are in addition to the changes already implemented as part of the J/03 and B/04 Consultations and are shown in Appendix 1.

Definitional Changes

7.2 There is one proposed definitional change in relation to the Maximum Generation Service. This will reflect that the service will now be utilised in accordance with the CUSC instead of the Maximum Generation Service Agreement. There is no proposal to explicitly define Maximum Generation as this is contained within the CUSC.

Changes to Balancing Code 2.9: Emergency Circumstances

7.3 Two consequential changes are proposed to BC2.9. The first change is to BC2.9.1.2(e), which clarifies that an instruction to generate outside of normal parameters is underpinned by Section 4 of the CUSC going forward rather than the Maximum Generation Service Agreement. The second change seeks to align the payment reference contained within BC2.9.2.4 with the inclusion of generic payment methodology within the CUSC. Currently BC2.9.2.4 refers to the Maximum Generation Service Agreement

Changes to Operating Condition 7.4.8: NGC System Warnings

7.4 As a result of discussion within the working group as to the need for some form of warning that the Maximum Generation Service maybe utilised over forthcoming Settlement Periods, NGC is also proposing a change to OC7.4.8.5 “NGC System Warning – Inadequate System Margin”.

7.5 As part of the standard warning issued at times of Inadequate System Margin, it is proposed that notification that the Maximum Generation Service may be instructed will also be provided as part of the intended consequences for users.

7.6 For the avoidance of doubt, an Emergency Instruction for MGS may be issued in the absence of a NGC System Warning – Inadequate System Margin.

C. COMMENTS

8. National Grid would be grateful to receive your comments on, or any suggestions you may have in relation to, these proposed amendments to the Grid Code. Comments on changes associated with other industry documents should be provided under the relevant consultation and not as a single submission. Comments would be welcomed and should be sent to National Grid by 12pm on 5 July 2004. The comments will be reviewed and responded to and National Grid will then prepare its report to the Authority.

9. Unless otherwise marked as confidential any responses will be published on the National Grid Industry Information website.

10. Your formal responses may be:-

Posted to:

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

Emailed to: david.payne@ngtuk.com

Appendix 1 : Proposed consequential Grid Changes as a result of CAP071

Extract from the Glossary and Definitions

Maximum Generation Service (MGS)	A service utilised by **NGC** in accordance with the CUSC and under the **Balancing Principles Statement** in operating the **Total System**.

Extract from Balancing Code 2

BC2.9 EMERGENCY CIRCUMSTACES

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BC2.9.2 Implementation of **Emergency Instructions**

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BC2.9.2.4 In the case of BC2.9.1.2(e) (ii) where **NGC** issues an **Emergency Instruction** pursuant to ~~under~~ a **Maximum Generation Service Agreement** payment will be dealt with in accordance with the **CUSC** and the ~~under the~~ **Maximum Generation Service Agreement**

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BC2.9.3 Examples of **Emergency Instructions**

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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); or

(e) an instruction to generate outside normal parameters, as allowed for in 4.2 of the **CUSC**.~~a **Maximum Generation Service Agreement**.~~

Extract from OC7 – Operational Liaison

OC7.4.8 **NGC System Warnings**

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OC7.4.8.5 **NGC System Warning – Inadequate System Margin**

A **NGC System Warning – Inadequate System Margin** may be issued to **Users** in accordance with OC7.4.8.2 at times when there is inadequate **System Margin** as determined under BC1.5.4. It will contain the following information:

(i) the period for which the warning is applicable; and
(ii) the availability shortfall in MW; and
(iii) intended consequences for **Users**, including notification that **Maximum Generation Service** may be instructed.

Appendix 2

Maximum Generation Service
Associated Consultations

National Grid is consulting on a number of documents, which are subject to changes following the raising of CAP071. Information and details on these consultations are detailed below:

CUSC

Consultation on detailed principles with respect to CAP071 and the associated legal drafting to be inserted into Section 4 of the CUSC

Responses to: Diane.Ritchie@ngtuk.com

National Grid issues consultation to industry Participants	28 May 2004
Closing date for consultation responses from Industry Participants	05 July 2004
Draft Amendment Report circulated to Industry Participants	09 July 2004
Closing date for responses from Industry Participants	16 July 2004
National Grid submits report to the Authority	19 July 2004

Special Condition AA4 Statements

Consultation on changes associated with CAP071 being carried out in accordance with Transmission Licence Special Condition AA4 paragraph 8

Balancing Principles Statement
Procurement Guidelines
ABSVD Methodology Statement

Responses to: BalancingServices@ngtuk.com or Bali Virk

National Grid issues consultation to industry Participants	28 May 2004
Closing date for consultation responses from Industry Participants	05 July 2004
National Grid submits report to the Authority	12 July 2004

Responses may also be provided in writing and posted to the relevant contact at the following address:

National Grid Transco
NGT House
Warwick Technology Park
Gallows Hill
Warwick CV34 6DA