



Notes of meeting

Meeting name	Interconnector Modification Group (IMG)	Meeting no.	1st meeting
Date of meeting	30 April 2002	Time	13:00
Venue	Room 1E ELEXON, 338 Euston Rd		
In attendance	Chris Rowell (Chairman) Richard Clarke Joanne Ellis Ralph Sutton Robert Hackland (Proposer) Nigel Brooks Leslie Burns Steve Drummond Cedric Le-Tallec Mike Harrison David Middleton Steve Phillips Paul Mott Kristian Myhre Simon Bradbury Mark Pearce	From	ELEXON Scottish and Southern Energy NGC SPPowerSystems EDF RTE Scottish Power Edison Mission Energy British Energy London Electricity Ofgem Ofgem National Grid ICB

1. P77 INTRODUCTION

- 1.1 The Interconnector Modification Group (IMG) discussed the background to Modification Proposal P77 "Interconnector Multiple BMUs" (P77).
- 1.2 The IMG noted the Panel's terms of reference for P77. The specific terms of reference were that the group should look at (and include within the Assessment Report, where appropriate):
 - Whether an additional two BMU pairs was sufficient to enable plant at the other side of the Interconnector to be fully represented;
 - The impacts on Interconnector Administrators and Interconnector Error Administrators systems and processes;
 - The potential for Market Abuse; and
 - The issues highlighted by the Initial Written Assessment.

2. P77 ISSUES DISCUSSED

The IMG Discussed the issues identified within the Initial Written Assessment as follows:

2.1 Number of Interconnector BM Units

The IMG queried why the level of an additional two BMUs pairs was chosen as part of P77. The proposer responded indicating that this was a figure sufficient for the needs of the proposer. The IMG then discussed whether an additional 2 BMU pairs per Interconnector User is adequate to represent all the types of plant and contract needed. The IMG noted that as the number was specifically written into the Modification Proposal then any alternative number would represent an Alternative Modification.

The IMG also considered why the NETA programme had specifically chosen to limit the number of BMU pairs to one. ELEXON agreed to investigate this and report back to the IMG.

Action: (ELEXON to progress)

The IMG decided that a total of 3 BMU pairs is the minimum that would be required and felt that if this was a significant issue to BSC Parties they would have the opportunity to raise the issue within the consultation on P77.

Action: (ELEXON to include a question in Assessment Consultation to address this)

2.2 Registration of an additional BSC Party / IU

The group discussed whether there were alternative means to delivering the same result as the Modification Proposal without a necessary change to the Code. In particular the group discussed whether different legal entities could be formed in order to make use of an increase in the number of Interconnector BMU pairs allowed. However, it was noted that although a BSC party can register to be an Interconnector User they are not entitled to trade across it unless they have been assigned appropriate Interconnector Capacity Rights. If separate legal entities were to be formed there would be issues assigning the capacity between these separate legal entities. It was felt that this would not be an appropriate solution to the defect identified by the Modification.

2.3 Difference between Interconnector types (eg AC and DC)

The IMG discussed the issue that different Interconnectors exhibited different characteristics and considered whether it was appropriate to differentiate between Interconnectors exhibiting different characteristics within the Code. The IMG felt that including a distinction between the different Interconnector types may be discriminatory and concluded that it was not appropriate to make such a distinction.

2.4 Potential for Market Abuse

The potential for market abuse was discussed and it was felt that introduction of additional Interconnector BM Units would not increase this potential. The reasons for this were that the System Operator (SO) required steady and sensible plant dynamics and they were not concerned

about the plant that actually delivered the energy as long as it was delivered in accordance to the Bid Offer Acceptance issues by the SO. The IMG therefore concluded that no issues related to market abuse existed and therefore this issue should no longer be considered by the Group.

2.5 Governance and timetable for changes to non BSC Documents and Systems

The IMG discussed the governance arrangements for the Core Industry Documents that would need to be amended to reflect the effect of P77 were it to be made. It was agreed that ELEXON would write to each document owner requesting a formal impact assessment, in relation to each document, in order to understand implementation timescales for changes to such documents.

Documents discussed included the Scottish Grid Code, Scottish Interconnector Access and Allocation Codes, Use of Interconnector Agreement, British Grid Systems Agreement and the Interconnector Framework Agreement.

Action: (ELEXON to include a question on this in HLIA to IA)

To assess the changes needed to the British Grid System Agreement it was agreed that ELEXON would contact Tony Taylor at NGC.

Action: (ELEXON to contact Tony Taylor at NGC)

2.6 Generation Capacity and Interconnector Capacity

An issue exists under the current Code Baseline with the way in which each BSC Party is required to predict their Generating Capacity (GC) each BSC Season. When an Interconnector User makes such a prediction it is required to be set at their maximum Generating Capacity during the season. There is a physical limit to the amount of energy transferred across the Interconnector and it is possible that each Interconnector User could capture the entire Interconnector Capacity. When totalled together the sum of all the GCs for Interconnector Users would exceed the capacity of the Interconnector. Whilst this problem exists at the moment, it would be exacerbated by the Introduction of P77.

3. ISSUES OUTSIDE THE SCOPE OF THE MODIFICATION

3.1 Impact of Modification on BETTA

The IMG noted that the Panel had agreed that the impact that P77 would have on BETTA and on other European wide programmes would not be considered as part of the modification.

3.2 Cost recovery of IA and IEA Changes

The issue of cost recovery for IA and IEA was discussed and it was felt that the most appropriate way of recovering them would be through discussions between the affected Parties and the Authority.

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4. OTHER ISSUES DISCUSSED

4.1 Charging for the registration of additional BMU pairs

As the modification will lead to the registration of additional BMU pairs, the charging mechanism for registering additional BMU Pairs was discussed. The IMG considered that there are existing charging mechanisms for BMUs within the Code and that it was not appropriate to alter this mechanism with respect to any additional BMU pairs the Interconnector Users decided to register.

5. WAY FORWARD

ELEXON was asked to develop a consultation document, high level impact assessment (HLIA) and a timetable for progression of the modification. These will be sent to members of the modification group for review by the 16 May 2002.

Action: (ELEXON)

6. DATE OF NEXT MEETING : 28 MAY 2002 (TO BE CONFIRMED)