

MINUTES

MEETING NAME Imbalance Settlement Group

Meeting number 204

Date of meeting 25 April 2018

Venue ELEXON Ltd

Classification Public

ATTENDEES AND APOLOGIES

Attendees	Nicholas Rubin	NR	Chairman
	Karen Lavelle	KL	Vice-Chairman
	Chris Stock	CS	Technical Secretary
	Dennis Timmins	DT	Industry Member
	Gary Henderson	GH	Industry Member
	Greg Heavens	GH	Industry Member (via Teleconference)
	Lisa Waters	LW	Industry Member
	Olaf Islei	OI	Industry Member (via Teleconference)
	Martin Mate	MM	Industry Member (via Teleconference)
	Phil Hewitt	PH	Industry Member
	Walter Hood	WH	Industry Member (via Teleconference)
	Mike Smith	MS	ELEXON (Part Meeting)
	David Thomas	DT	ELEXON (Part Meeting)
Elona Bucaj	EB	ELEXON (Part Meeting)	
Apologies	Andrew Colley	AC	Industry Member
	Aaron Seamer	AS	Industry Member
	Tom Edwards	TE	Panel Sponsor

OPEN SESSION – DECISION PAPER

1. Metering Dispensation D/484 – Air Liquide – ISG204/01

- 1.1 ELEXON invited the ISG to approve D/484 on a nine months basis until 31 December 2018. The extension is in order to install new Metering Equipment for the customer at the Transmission System Boundary (the Defined Metering Point (DMP)) once Eggborough Power Station is decommissioned.
- 1.2 Lisa Waters declared an interest in this Dispensation.
- 1.3 An ISG Member asked from whom Air Liquide intended to get a power supply from after Eggborough Power Station disconnected from the Transmission System in October 2018. ELEXON noted that Air Liquide had not approached the local Licensed Distribution System Operator (LDSO), Northern Powergrid (NPG), for a connection (unlike St Gobain Glass, another customer co-located with Air Liquide). Air Liquide stated they were still in discussions with Eggborough Power Limited (EPL) over options that may be available at the Eggborough site and this may take time to conclude, which is why they are hoping to extend the current Metering Dispensation for a period to the end of the year. ELEXON contacted EPL to confirm their plans for the site. EPL confirmed that all of the assets including the station transformers, unit transformers and

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generator transformers would be de-energised in September 2018 and it would use diesel generators to power existing station boards 3 and 4¹. The Transmission Company Member added that National Grid had not received a disconnection letter from EPL.

1.4 An ISG Member expressed doubt that Air Liquide could receive a Distribution System connection by the time this Metering Dispensation expired, considering that an application for a connection had not yet occurred, and noted that ISG may see a further extension to the Metering Dispensation by the end of 2018. ELEXON noted that it was standard practice to send out reminder communications six months before Metering Dispensation were due to expire, so it could provide the ISG with an update in June / July 2018. ELEXON also noted that National Grid would send a disconnection notice and/or BSCP25 forms noting that the Boundary Points were no longer registered, either of which would indicate that the site had been disconnected from the Transmission System

1.5 The ISG:

- a) **APPROVED** Metering Dispensation D/484 on a temporary basis until 31 December 2018; and
- b) **NOTED** that we will present a similar decision paper to the SVG on 1 May 2018.

2. Metering Dispensation D/485 – St Gobain Glass – ISG204/02

2.1 ELEXON invited the ISG to approve D/485 on a nine months basis until 31 December 2018. The extension was required in order to install new Metering Equipment for the customer at the Transmission System Boundary (the Defined Metering Point (DMP)) once Eggborough Power Station is decommissioned.

2.2 Lisa Waters declared an interest in this Dispensation.

2.3 An ISG Member asked from whom St Gobain Glass intended to get a power supply from after Eggborough Power Station disconnected from the Transmission System in October 2018. ELEXON noted it had contacted the applicant, who confirmed that St Gobain Glass would be disconnecting from the Eggborough site and connecting to a brand new 66kV substation before the expiry of the Metering Dispensation being considered. ELEXON noted that the local Licensed Distribution System Operator (LDSO), Northern Powergrid (NPG), confirmed it had approved an application from St Gobain Glass for a 20MW connection to the passing 66kV line, and the 66kV substation was in the process of being constructed. NPG also noted that the substation should be energised ahead of September 2018. As further confirmation, ELEXON noted that it was sent a [website article](#), published in September 2017, which said an Independent Connections provider had commenced construction of two substations on behalf of NPG and St Gobain Glass.

2.4 National Grid confirmed they had received a notification of intent of disconnection and are currently in discussions over a timeline for this.

2.5 The ISG:

- a) **APPROVED** Metering Dispensation D/485 on a temporary basis until 31 December 2018; and
- b) **NOTED** that we will present a similar decision paper to the SVG on 1 May 2018.

3. Metering Dispensation D/460 – Teesport (compensation methodology approval ISG204/03)

¹ These boards are extensions to station boards 1 and 2 Station boards 1 and 2 are fed directly from Station Transformers 1 and 2 and will be de-energised.

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- 3.1 ELEXON invited the ISG to approve the compensation methodology for the Teesport Continuous Ship Unloading (CSU) system's Metering System and agree that the conditions of D/460 have now been fully met.
- 3.2 Lisa Waters declared an interest in this Dispensation.
- 3.3 An ISG Member sought clarification on the differences between BM Units T_TSREP-1 and T_TSRED-1. ELEXON noted that T_TSREP-1 is for the generating plant, and T_TSRED-1 is for the Teesport CSU assets.
- 3.4 An ISG Member asked what would happen when the generator stopped running so was not supplying the Teesport CSU assets directly (and below the Transmission System Boundary Point). ELEXON noted that MGT Teesside (as the generator BSC Party) would be taking responsibility for supplying the Teesport CSU assets directly from the Transmission System, and there was no intention of having a Licenced Supplier.

Post meeting note: *There is no requirement in the BSC for this site to be supplied by a licenced Supplier.*

The ISG Member noted disapproval with this concept, however noted it didn't seem to be a BSC issue, and so didn't object to the Metering Dispensation.

- 3.5 An ISG Member noted that to calculate the compensation, the loss calculation required network modelling, and that it would be nearly impossible to get the compensation right with the number of possibilities present, and that the figure of 0.13% losses for the flow to this site when there was 5km of circuitry to the transformers seemed improbable. With a simple configuration of plant and apparatus, the compensation is straight forward, but with multiple components (and energy flows) such as this, with two transformers and three stretches of circuits, the calculation has to take into account significantly more variables. The redeeming factor in this compensation methodology was the Boundary Point metering, so from a BSC perspective, all energy was accounted for, so if the compensation for the embedded BM Unit wasn't quite right it wouldn't affect the accuracy of Settlement overall – rather it affects the allocation of losses between the BMU Lead Parties.
- 3.6 The ISG Chair noted that in considering this application, ELEXON had used the principles that the Electrical Loss Validation Agent (ELVA) would use. In light of one ISG Members concerns that the proposed method may not accurately reflect the complexity of the site, the ISG Chair asked how the guidance and principles used by the ELVA might be updated or improved and asked if there was a formal change process. ELEXON responded that BSCP32 - 'Metering Dispensations' contained the process for the ELVA assessment but not the methodology, for which there is a separate guidance note, a standard methodology for compensating meters for power transforming line losses, which ELEXON could update.
- 3.7 The ISG Member noted that it would be good to update the guidance, in particular for complex sites, where more complex adjustments are required to account for the different variables.
- 3.8 The ISG:
- a) **APPROVED** the compensation methodology for the Teesport CSU Metering System;
 - b) **AGREED** that the conditions of Metering Dispensation D/460 have now been fully met; and
 - c) **NOTED** that we will present a similar decision paper to the SVG on 1 May 2018.

4. Trading Unit Application for West Burton A and B – ISG204/04

- 4.1 ELEXON presented a Trading Unit Application from EDF Energy (Thermal Generation) Limited to combine the Balancing Mechanism (BM) Units associated with West Burton A and West Burton B Power Stations within a Class 1 Trading Unit. ELEXON invited the ISG to approve to approve a Class 6 Trading Unit Application with an effective from date of 1 May 2018.
- 4.2 Martin Mate declared an interest in this Trading Unit Application.

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- 4.3 An ISG Member asked if each of the BM Units at this site had Transmission Entry Capacity (TEC) and Connection Entry Capacity (CEC) at the Boundary Point, as the supporting documents weren't clear, also asking if the electricity storage units were included or were they separate BM Units. The ISG Member that declared an interest (MM) noted that the connection agreements were included in the application as required and that the West Burton B 400kV Boundary Points had TEC and CEC. MM explained that the existing Class 1 Trading Unit for West Burton B does not contain the two electricity storage BM Units, which is what triggered the application in the first place. Attachment H shows two battery BM Units that are connected to the West Burton B 6.6kV boards below two of the Combined Cycle Gas Turbine BM Units (i.e. the electricity storage BM Units are embedded within the West Burton B site).
- 4.4 An ISG Member asked if West Burton B Station could run all of the BM Units, including the electricity storage units, and export simultaneously. MM responded that whilst, technically, they could, the agreed TEC would not allow all BM Units to run at full output - i.e. the TEC increases by 37MW to accommodate the electricity storage units, which on their own are 49MW (in total). It was agreed with National Grid that the main Generating Units would not run at full CEC with the electricity storage units at the same time. It is common that the sum of all CECs on a site can be bigger than the TEC.
- 4.5 An ISG Member noted that West Burton A Station was unlikely to run very often so that meant it was advantageous to have its station load inside a Trading Unit with West Burton B Power Station which was more likely to be running. MM noted that other Power Stations with this configuration existed, and that the prompt for this application was earlier registration and operation of the electricity storage units.
- 4.6 The ISG:
- a) **DETERMINED** that the Trading Unit Application demonstrated (to the ISG's reasonable satisfaction) sufficient similarities with sites which satisfied those conditions for a Class 1 Trading Unit such that it would be unreasonable to not treat the nominated BM Units as a single (Class 6) Trading Unit; and
 - b) **APPROVED** the Trading Unit Application from EDF Energy (Thermal Generation) Limited to form a Class 6 Trading Unit comprising the nominated BM Units associated with West Burton A and West Burton B Power Stations with an effective from date of 1 May 2018.

OPEN SESSION – TABLED ITEMS

5. System Price Analysis Report (SPAR) – 204/05

- 5.1 The SPAR provided an overview and analysis of key System Price inputs and calculations for March 2018.
- 5.2 The ISG:
- a) **NOTED** the report.

6. BSC Operations Headline Report – 277/02

- 6.1 This report provided an overview of the operations of the BSC for March 2018.
- 6.2 There were no comments on the headline report.
- 6.3 The ISG:
- a) **NOTED** the report.

7. Change Report – 277/03

- 7.1 This report presented a comprehensive monthly overview of the BSC Change Process.

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- 7.2 There were no comments on the change report.
- 7.3 The ISG:
 - a) **NOTED** the report.

OPEN SESSION – VERBAL UPDATES

8. Update to ISG Terms of Reference

- 8.1 ELEXON sought the ISG's views on its plans to invite the BSC Panel to delegate responsibility to the ISG for reviewing Value of Lost Load (VoLL) and the Loss of Load Probability (LoLP) Calculation Statement.
- 8.2 An ISG Member asked ELEXON to clarify whether the Panel or ISG had the authority to set the VoLL. The ISG Chair responded that the BSC doesn't give the Panel the Authority to set VoLL or mandate an annual review but does give the Panel the authority to conduct a review from time to time or upon request by the Authority. The Chair also noted that the BSC says that any review should ensure that consideration is given to the views of the Authority, consultation is conducted of Parties and interested parties, due regard is given to any representations made during consultation and any conclusions and recommendations are put together in a report for the Panel to consider. Ultimately a Modification would be needed to change the VoLL.
- 8.3 An ISG Member noted that VoLL is used in a variety of different circumstances – i.e. it is not only used when determining the Reserve Scarcity Price or setting the price for including Demand Control Events in the calculation of System Prices. Therefore they noted that it was important to the industry that the value for VoLL was the same number being used in all policy. VoLL formed part of Ofgem policy making decisions, it forms part of National Grid forecasting etc., so it would seem out of place that ISG would have the power to change such a significant value, unless Ofgem instructs the ISG to do so. The ISG Member's recommendation to the Panel would be that any review of VoLL should only occur in three circumstances: by Ofgem instruction, by Government (BEIS) instruction, or by necessity when VoLL is changed by one of those entities. This view was shared by several ISG Members.
- 8.4 The ISG Chair suggested if it would be possible to still take on the review in a limited and controlled capacity by controlling the wording used in the ISG Terms of Reference. The ISG Member noted that the VoLL had the potential to have significant impact on the industry, and felt ISG lacked the economics expertise to take on the responsibility of a full review.
- 8.5 An ISG Member noted the BSC requirement for the Panel to establish and maintain a review process, and highlighted that what had already been done, a factual analysis of the VoLL, could be viewed as complying with this requirement. They considered this type of review could be done regularly, looking at how VoLL was working within the existing BSC framework and possibly detecting any apparent change in behaviours retrospectively. The ISG Member reiterated that recommendations to change VoLL, or review whether the value of VoLL is appropriate should not sit with ISG.
- 8.6 The ISG Chair noted that this descriptive statistics and analysis on VoLL could be included as part of the current System Price Analysis Report (SPAR). An ISG Member noted that analysis of the LoLP should also be a part of the SPAR. ELEXON noted that the SPAR currently kept track of the Reserve Scarcity Price (RSVP), and appendices for VoLL and LoLP could be incorporated. ISG Members confirmed that reviews of the LoLP were acceptable as it was a statistical calculation performed by National Grid with limited use within the arrangements.
- 8.7 The ISG:
 - a) **NOTED** the update.

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OPEN SESSION – OTHER BUSINESS

9. Panel Update

- 9.1 An ISG Member, who is also a Panel alternate, provided an update to the ISG from the discussions at [BSC Panel 277](#).
- 9.2 ELEXON gave Panel Members an overview of its work to date on implementing new systems architecture as part of its Foundation Programme. The overview included a summary of a successful proof of concept for new online forms. The plan is to use this new functionality to support the implementation of [P344 'Project TERRE implementation into GB market arrangements'](#).
- 9.3 Regarding P344, the Panel agreed to go ahead in allocating money for implementation despite Ofgem not having signed off on the Modification, on the basis that otherwise the Project TERRE go-live date might not be met. Ofgem sent a letter describing its provisional thinking and that they would most likely not reject the Modification.
- 9.4 [P360 - 'Making the BSC's imbalance price compliant with the European Balancing Guideline'](#) was discussed. ELEXON had previously provided evidence to Ofgem that identified that the BSC may, in some areas, be in breach of European Balancing guidelines. Therefore ELEXON requested a derogation from these requirements for two years, rather than taking on the risk of making relatively expensive changes for a short period of time – i.e. the proposed P360 changes might be undone in future. The Ofgem view was that there was insufficient evidence of a breach and would most likely not grant the derogation. Ofgem suggested that the Panel withdraw the Modification. It was also noted that by the time any enforcement action might be taken, Brexit will likely have happened and so there may no longer be an issue. On this basis, the Panel noted that consideration must be taken for the materiality of the risks of non-compliance, and requested that ELEXON perform a risk analysis.
- 9.5 The ISG Chair noted that a working group had been suggested to begin to look into recognising activity 'behind the Meter' within the BSC arrangements. This was to give visibility of or collect Meter data from different activities behind the traditional settlement Boundary to be able to differentiate different kinds of use. An ISG Member responded that this may be a controversial piece of work, as a large number of people had begun installing equipment behind the Meter to avoid charges. The ISG Chair noted the complex nature of this area of investigation but also that the nature of participation was changing and ELEXON's interest is in discussing how to facilitate rather than define policy.
- 9.6 The ISG:
- a) **NOTED** the update

10. Actions

- 10.1 ELEXON provided an update on the Actions raised in previous ISG Meetings.
- 10.2 The ISG:
- a) **NOTED** the update

11. Minutes from previous meeting

- 11.1 The minutes were approved with no further comments.

12. Matters Arising

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- 12.1 An ISG Member expressed concern over the growing number of websites participants needed to use to obtain information about industry activity. ELEXON noted the concern and highlighted that it is actively seeking ways to improve access to Settlement Data, e.g. through its Foundation Programme and would update the ISG at the next meeting with further details.
- 12.2 An ISG Member noted several issues with the new ELEXON website. They were particularly concerned about access to archived data. ELEXON noted that data older than two years was flagged as archived, however remained on the website and still available. This archive flag was used to automatically filter archived content out of a standard search; however this filter could easily be removed in the filter settings of any search, also allowing for only archived data to be seen in a search.
- 12.3 The ISG Chair noted that the [P305 - 'Electricity Balancing Significant Code Review Developments'](#) requirements stated that the BMRS should identify dynamic LoLP values using a defaulting rule and differentiate them from normal LoLP Values. The original design of the P305 solution that was implemented in November 2015 didn't include that functionality, so ELEXON would have to design it now to be implemented in time for November 2018, the concern was that ELEXON were unsure how much value this would provide to industry and asked the Panel whether there was a pressing need for a default flag or identifier to be included in the solution from November 2018. ELEXON's plan is to ask the Panel to recommend to Ofgem that this aspect of the P305 solution is not implemented.
- 12.4 An ISG Member noted that in terms of how to shed light on defaulting other than using a defaulting flag on BMRS and in TIBCO flows, periodically reviewing how defaulting was being used could be appropriate. An ISG Member asked how it would be known that defaulting was occurring. ELEXON noted that they were unclear at present, but would investigate. The ISG Chair added that the systems had been designed to include the defaulting mechanism, whether the systems internally make a record of when they have used the default method is unclear.

13. Next meeting

- 13.1 The next ISG meeting is on the 22 May 2018 at the ELEXON offices.