

SCHEDULE

COLLECTIVE LICENCE MODIFICATION: PROPOSED MODIFICATIONS OF STANDARD LICENCE CONDITION C16 OF THE ELECTRICITY TRANSMISSION LICENCE UNDER SECTION 11A OF THE ELECTRICITY ACT 1989

1. In Condition C16: Procurement and use of balancing services:

(a) After paragraph 6, insert the following:

"6A. (a) This paragraph applies to the extent that the BSC provides that the licensee shall be required to identify balancing services which relate to system management.

(b) Where this paragraph applies, the licensee shall, before 5 November 2009, in writing:

(i) establish a system management action flagging methodology approved by the Authority; and

(ii) prepare a statement of the prevailing system management action flagging methodology as approved by the Authority

and at all times thereafter use its reasonable endeavours to identify the balancing services which the BSC requires it to identify as relating to system management in accordance with the prevailing system management action flagging methodology and provide records (for use under the relevant provisions of the BSC) of those balancing services which the BSC requires shall be taken into account in determining imbalance price(s).

(c) The licensee shall, if so directed by the Authority or when it considers that any modification should be made to the statement referred to in sub-paragraph 6A(b)(ii) more accurately to identify the balancing services which relate to system management, review the statement prepared pursuant to sub-paragraph 6A(b)(ii) and promptly seek to establish a revised statement approved by the Authority, such revisions to be made in accordance with the terms of paragraph 8 of this condition."

(b) Insert in paragraph 8(a) ", 6A(b)(ii)" after "6(b)(iii)"

(c) Insert in paragraph 8(b) ", 6A(b)(ii)" after "6(b)(iii)"

(d) Insert in paragraph 10 ", 6A" after "6"

(e) Insert in paragraph 11(a) ", 6A(b)(ii)" after "6(b)(iii)"

(f) Insert in paragraph 11(b) ", 6A" after "6"

(g) Insert in paragraph 15 the following definitions:

To be inserted before
"applicable balancing
services":

" "adverse effects"

means any impact on the continued stability of operation of the national electricity transmission system including, but not limited to, any effect on the frequency or voltage of the electricity transmitted on all or any part of the national electricity transmission system;"

To be inserted after
"imbalance price":

" "interconnected TSO"

means the operator of any transmission system outside of the national electricity transmission system operator area whose transmission system is connected to the national electricity transmission system by one or more interconnectors (irrespective of the ownership of those interconnectors);"

To be inserted after
"relevant balancing
services":

" "system management"

means:

- (a) the licensee's management of transmission constraints;
- (b) the licensee's management of adverse effects on the national electricity transmission system arising from changes in electrical flows over any interconnector which are not the result of actions taken by an interconnected TSO; and
- (c) actions by any interconnected TSO which have an effect on the national electricity transmission system;

“system management
action flagging
methodology”

means a methodology to be used by the licensee which, in the licensee’s opinion, will enable it to use reasonable endeavours to identify those balancing services which the BSC requires it to identify as relating to system management;

“transmission constraint”

means any limit on the ability of the national electricity transmission system, or any part of it, to transmit the power supplied onto the national electricity transmission system to the location where the demand for that power is situated, such limit arising as a result of any one or more of:

- (a) the need not to exceed the thermal rating of any asset forming part of the national electricity transmission system;
- (b) the need to maintain voltages on the national electricity transmission system; and
- (c) the need to maintain the transient and dynamic stability of electricity plant, equipment and systems directly or indirectly connected to the national electricity transmission system

and used by the licensee to operate the national electricity transmission system in accordance with the National Electricity Transmission System Security and Quality of Supply Standard referred to in standard condition C17 (Transmission system security standard and quality of service) or any other provision of the Act, this licence or any other requirement of law.”

