

Black Start Commercial Review
Monday 21st April
National Grid House – Warwick

Black Start Workshop 3 Summary

Below is a summary of the session at the third Black Start Commercial Review workshop. The workshop was arranged so National Grid could outline the principles of the terms that were drafted following the Black Start review. The group discussed the terms proposed by National Grid and provided comments as drafted below in how National Grid should progress them further.

For further information please refer to the workshop 3 presentation on the National Grid website.

Black Start Test Pricing

National Grid provided a reminder of how Black Start test prices are currently agreed and outlined the perceived disadvantages to the System Operator with this approach (see Workshop 3 presentation on National Grid website for details). National Grid highlighted that their preference is to move to a mechanism that removes the requirement for negotiation of prices leading up to a Black Start test so the latter is mainly concentrated around the technical considerations of Black Start capability at the power station.

National Grid over recent months published terms developed from the Constraint Management Service that used indexation linked to fuel costs as the fundamental pricing mechanism. The feedback from the industry recognised why National Grid may wish to adopt the Black Start test price mechanism approach but felt that the proposed mechanism ignored some key points such as maintenance running costs, risk of failure of unit, start-up costs etc.

The group brought out the following key points that needed to be recognised and ideas to be considered should National Grid wish to proceed further with the mechanism:

- Risk was seen as a primary concern. This was covered by commercial and mechanical failure risk and would need to be built into the mechanism. There was a fear that this risk, that may never occur, may then get fed into the availability prices which would see an increase in Black Start costs
- It would be difficult to draft a mechanism that was fixed to a weekend as there can be periods where there is more value in weekend than midweek
- Comparable bid/offer prices for similar plant – linked to the market
- 2-shifting plant could have an impact on the latter as some generators price themselves such that it isn't attractive to 2-shift them
- Could there be a mechanism to dictate the optimum time for a Black Start test. It is felt that this would be difficult on a per station basis as the mechanism would need to encompass all Black Start stations so National Grid could meet their annual test requirements. As National Grid has overall view of the testing strategy it was felt that this was not incorporated into the generic terms
- Moving forward, testing of large power stations made up of 1.5-2GW plus of plant would potentially become very difficult and costly.
- Another thought was that perhaps £[x]m or £x/MW should be defined as the cost of a Black Start test. It was agreed that by pricing this way the true cost of the test may not actually be reflected as power prices fall or rise. May lead to providers over pricing to cover all potential risks.
- It was noted that a potential increase in Black Start costs may arise as previously long term locked in stations are reopened for negotiation.
- Another proposed option was for the Generator to self-test at a time suitable for itself but could only be applicable for new agreements. It was felt that this would remove visibility and control from the SO and bring additional risk as the Generator would not be able to see what the optimal timing was from an overall perspective.

- A discussion was held around whether an average of Bids/Offers over the preceding [3] weeks within a tolerance of movement of $\pm 20\%$ set against certain criteria. This would encompass suitable caps and collars to protect both parties.
- For the latter it needed to be recognised that submitted Bids/Offers are intrinsically linked to the submitted technical parameters within the BM, which are sometimes relaxed under Black Start test conditions. It was therefore recognised that indicative technical parameters for a Black Start test could be included within the agreement with the emphasis on indicative.

From the above discussion it was agreed that National Grid take an action to develop the principles around a mechanism that may work for Black Start testing.

Capital

National Grid discussed the options it had developed for new build and refurbishment of assets associated with Black Start. The following points were noted by National Grid for further consideration

New Build

- For the Provisional Service Commencement Date, there should be a cap on the number of months of availability payments that National Grid can recoup should the Generator fail the first Commissioning Assessment

Up Front

- Overestimation of cost may be an issue here. However, some providers indicated they should be able to give a reasonably accurate figure for the work.
- It was felt that as evidence of work being complete valid invoices, company letter and site visit from an independent engineer should be sufficient evidence for National Grid to ensure the capital work has taken place
- Under testing, it was queried what would happen should the capital be assigned to refurbishment of a spare asset. I.e. this wouldn't affect the Black Start capability of the station. National Grid would look at this on a case by case basis

Profiled

- No major comments on this process that weren't general to Up Front

General comments on Capital

- Does the capital provide the right investment signals for a potential new Black Start provider?

Large Combustion Plant Directive

It was noted that the ability of an LCPD station to achieve a high level of Black Start availability across a year was potentially a concern. National Grid queried if a warming service for Black Start would be of any value. It was mentioned that it would be possible to keep the boiler warm but possibly not the turbine itself. It was anticipated to be a potentially expensive service and there were doubts on the capability of a machine when synchronised (e.g. block loading etc)

Black Start Test Failure

The group agreed with the principle that National Grid should be able to penalise those providers that fail a Black Start test regularly. But, it was noted that it should only be applied if provision of Black Start is a 'market based' approach and not 'cost-plus'.

General

- Transmission Access Review – the outcome of this may have a significant impact upon Black Start providers (existing and future) and how they will be able to provide the service. Note, this also holds true for other Balancing Services