



CAP170 Category 5 System to
Generator Operational Intertripping
Scheme

CUSC Panel Vote 23/03/2009

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Background

- ◆ CAP170 was raised by National Grid for consideration at the 27th February 2009 CUSC Amendments Panel
- ◆ CAP170 seeks to introduce a new category of System to Generator Operational Intertripping Scheme
- ◆ National Grid requested that CAP170 be treated as an Urgent Amendment Proposal
- ◆ The Panel, by majority, agreed and a request for approval was submitted to the Authority
- ◆ Following approval of urgency by the Authority, the timetable as directed by the Authority has been used for processing the proposal

CAP170 – defect identified

- ◆ At a non-compliant transmission boundary the need to take action to manage constraints is more onerous than at a compliant transmission boundary
- ◆ As such the use of intertrips is a necessity rather than an occasional tool to maximise the flows across the boundary
 - Can be demonstrated by the volume of constraints at the Cheviot boundary (presently the only derogated non-compliant transmission boundary)
 - The Cheviot boundary is forecast to outturn at 3127GWh in 2008/09 (with a constraint cost forecast of £153m)
 - The rest of England, Wales and Scotland is forecast to outturn at 1849GWh (with a constraint cost forecast of £85m)
- ◆ Administering prices for intertrips capable of being armed with respect of derogated non-compliant transmission boundaries would offer a useful means to limit potential constraint costs

CAP170 – the principles

- ◆ Category 5 intertripping scheme (as would be defined in the Grid Code)
 - An intertripping scheme required to alleviate thermal overloads, unacceptable voltage conditions or power system instability arising out of an event which results in the interruption of powerflow on a circuit (or circuits) that form part of a derogated non-compliant transmission boundary
 - Can only be armed in respect of such a boundary
- ◆ Derogated non-compliant transmission boundary
 - A transmission circuit (or circuits) forming part of the GB transmission system subject to an Authority approved derogation to GB SQSS
- ◆ Category 5 intertripping schemes will be specified in a User's Bilateral Agreement
- ◆ Payment terms will correspond to existing terms for category 2 and 4 intertripping schemes (Capability Payment, Intertrip Payment, Restricted Export Level Payment)
- ◆ A methodology will be used to identify Users appropriate for the provision of category 5 intertripping schemes (forming part of the Procurement Guidelines and subject to a separate consultation)

CAP170 - Implementation

- ◆ A section on implementation has been included in CAP170
 - Upon identification of the requirement for a category 5 intertripping scheme National Grid would issue an agreement to vary the relevant Bilateral Agreement
 - Either 5 Business Days after implementation of CAP170 or 5 Business Days after a derogation being issued
 - The User would either sign and return the agreement, or refer it to the Authority for settlement
- ◆ If approved, National Grid recommends immediate implementation of CAP170
- ◆ Views were invited on the proposed implementation date and no specific comments were received

Views and representations

- ◆ 14 non-confidential responses were received to the company consultation, the majority of which were not supportive of CAP170
 - 10 opposed the proposal (plus one additional respondent following circulation of the draft amendment report)
 - 3 were neither supportive nor unsupportive

- ◆ Key themes from the responses include:
 - Urgent Process (concerns regarding limited industry input and reduced consultation period)
 - Demonstration of defect (not clearly articulated)
 - Changes to Bilateral Agreements (sets a precedent, unclear implications for commercial agreements, increases regulatory uncertainty)
 - Methodology (insufficient information given, insufficient time to consider)
 - Payment terms (not appropriate)
 - Merit order for arming of an intertripping scheme

Summary of pre-Panel industry comments on CAP170 draft amendment report

- ◆ BWEA
 - Report does not address why CAP170 cannot be limited in time and application pending full(er) review of the issues after implementation
- ◆ Scottish Power
 - Disingenuous to state there is “limited industry support”
 - Summary should also cover concerns regarding substitution of competitive intertrip scheme, effect on investor confidence, changes to BCAs, lawfulness
 - 11.6.1 – Cost of resolving constraints does not constitute a defect
 - 11.7.2 – Wrong to categorise Authority’s role in amending Bilateral Agreements as a “route to challenge” (with the drafting only allowing “settlement of terms”)
 - 11.14.1(Human Rights) – NG has not responded to the additional points regarding interference with contractual right of access to the GB transmission system and in business which engage in the provision of commercial services
 - 11.14.1(Unlawful discrimination) – NG has not responded to concern that CAP170 will produce discrimination between class of generators who are to provide the administered service and other participants in the wider generation/ancillary market
 - 11.14.1 (Due process) – Use of urgent process does not excuse or explain the failures to observe the requirements of due process in developing and consulting on the current proposals
- ◆ DONG Energy
 - Clarification of position as not being supportive of the amendment
- ◆ E.ON UK
 - Regarding Bilateral Agreement and commercial agreements, it remains unclear which would take precedence
 - Procurement Guidelines consultation did not make clear that it was the proposed methodology referred to in CAP170, nor does it contain a methodology (rather a list of inadequate criteria)
 - Concerns raised regarding circuit breakers have not been addressed
- ◆ Centrica
 - Reiterate comments in response to company consultation