

# Access, TEC and trading

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# What is TEC & what does it give you

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- ◆ TEC is a MW figure in a CUSC bilateral agreement
- ◆ It has no meaning until the works described in the offer have been completed
  - ◆ Transmission and User works
  - ◆ You have to be physical to have TEC
- ◆ Access is a combination of rights and obligation in the CUSC:
  - ◆ Right to export up to TEC
  - ◆ Right to compensation if 'restricted'
  - ◆ Obligation to pay charges
  - ◆ Obligation to comply with technical requirements – how you use the access

# Current trading arrangements

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- ◆ Parties can trade:
  - ◆ From following April onwards
  - ◆ Enduring
  - ◆ Buyer takes on obligations / rights
- ◆ System must be compliant
- ◆ SO provides exchange rate (cost neutral)

# Where we are today

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- ◆ Non compliant system
  - ◆ Result of BETTA transition
- ◆ Exchange rate against planning criteria is zero
  - ◆ If traded MW less than level of non-compliance
- ◆ Cap142 within year assessment performed against operational criteria

# Should a generator be able to trade access ?

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- ◆ Access is only provided at one node
- ◆ A rolling annual product – one year at a time
  - ◆ Do you own it next year?
- ◆ TEC is only a proxy for investment
- ◆ Can trading encourage existing parties to release access?
  - ◆ Chicken and egg
  - ◆ Initial allocation issue
- ◆ Trading can provide faster access
- ◆ Trading could provide a more efficient system
  - ◆ Compromised by BETTA legacy

# How can we encourage more trading

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- ◆ Use it or lose it
  - ◆ Do we have this already?
  - ◆ Need short term access?
- ◆ Provide alternatives
  - ◆ Short term access for lower load factor plant
  - ◆ Parties may then release it
  - ◆ Loss of longer term access not so critical
- ◆ Transparency
- ◆ Facilitated vs. Bilateral

# Principles of Access

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- ◆ To provide efficient outcome, choice of access products required
- ◆ Long term (physical) transmission access product(s)
  - ◆ Charged at LRMC
  - ◆ Long term (multi year) commitment required
  - ◆ Can be traded during period of commitment
- ◆ Short term transmission access product(s)
  - ◆ Charged at SRMC
  - ◆ No commitment required

# Conclusion

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- ◆ The rights and the obligations currently are asymmetric...
- ◆ To further develop longer term trading need to review TEC