FIRST HYDRO

A COMPANY OWNED BY INTERNATIONAL POWER PLC AND MITSUI & CO.,LTD

CAP 94
Limited Duration TEC

TCMF 8th July 2005

What it is

- **Access to the System for the balance of the Financial Year**
- **Assessed on Operational basis**
- **Not an enduring right**

	LDTEC
Duration of Capacity	Balance of Year
Latest Application Date	3 weeks
Notification to User	4 days
User Accept/Reject	1 day
NGC analysis Time	2 weeks

Why it is needed (1)

- GB Queue has [234] application still to be processed so it is unlikely that any new TEC application that is ‘interactive’ can be dealt with before April 06
- Current spare capacity cannot therefore be allocated on a TEC basis for this winter
- Over time current ‘spare’ capacity could be allocated to new generation connecting several years ahead. In the intervening years this capacity will not be available on a TEC basis for others to use. This may lead to stranded capacity.

Why it is needed (2)

- Generation may be de-commissioning and not require future rights. The generator could purchase LDTEC as opposed to TEC and thus release transmission rights for other generation to use in future years.
- Generation may want to connect to the system early but the time taken for a full planning assessment may be prohibitive.

Charging Process

- If CAP 94 is approved, would need an associated charging modification
- Only NGC can propose changes to the Charging Methodology
- Charges must be consistent with the features of LDTEC relative to other access products
- Need to ensure timetables are aligned

Key Features of LDTEC

- Capacity awarded is ‘spare’
  - no additional cost to provide access
- There are no enduring rights
  - no further investment is required
  - access may be freed up for others to use in future years via TEC
- There are no constraint costs

- ➢ Access product is inferior to TEC
- ➢ Adds value to system with more flexible approach

STTEC charging

Key element of NGCs STTEC charging was to ensure that there was not a significant move of plant from TEC to STTEC.

STTEC was implemented when TEC was relatively freely available

- This position has changed with 17 GW of new plant wanting TEC
- If northern plant reduces TEC high risk that enduring rights will be lost

STTEC has not been used significantly (not at all in winter)

- Charging unattractive

We believe that NGC need to look again at STTEC charging

Charging Proposals

TEC Charges	LDTEC Charges
Include premium for preservation of future rights	Not enduring – therefore at a discount to TEC charges
Provide long term locational investment signals	Short term unconstrained access – therefore should be non-locational

- Not a locational charge
- Charge based on the non-locational element