



CAP168: Under-use and reallocation of TEC

Overview of Work Plan

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Overview

Purpose

- ◆ Present and discuss topics which we need to cover
- ◆ NOT solve all issues now

Topics

- ◆ Introduction of an under-use charge for TEC
- ◆ TEC trading arrangements
- ◆ “Use it or lose it” mechanism
- ◆ User commitment
- ◆ Assessment of the Amendment Proposal

Introduction of an under-use charge for TEC

Justification of an under-use charge for TEC

Calculation of under-use capacity

- ◆ Under-use is measured by comparing TEC and output at three points in year

Basis of Charge

- ◆ TNUoS?

Level of Charge

- ◆ 1.5 x TNUoS

Negative Zones

Use of any additional recovery

- ◆ Offset BSUoS or invested in operational enhancements

Embedded Generation

TEC Trading Arrangements

Current arrangements (CAP142)

Proposed arrangements under TAR (CAP161 and CAP163)

Are additional trading arrangements required?

- ◆ What would be the marginal benefit over the current arrangements and CAP161 - CAP163

Should Users be able to offer TEC back to the System Operator on a short-term basis

- ◆ What are the appropriate timescale for this
- ◆ Process

“Use it or lose it” mechanism

Appropriate timescales for “Use it or lose it” to become active

Extenuating Circumstance

- ◆ Plant breakdown
- ◆ How can users demonstrate best endeavours to repair plant

Should “Use it or lose it” arrangements be retrospective?

Process for removing TEC

User Commitment

Liability

- ◆ Proposes all new generators commit to pay three years' worth of TNUoS
- ◆ Who has liability under trades

Security

- ◆ Pre-commissioning: CAP165 profile based on 3 years TNUoS?
- ◆ Post-commissioning: Existing arrangement (none)
- ◆ Do we need to hold security for the under-use charge?

Notice Period

- ◆ Proposes two year notice period for Power Station closure (and TEC reduction?)

Assessment

Impact on core industry documents (Grid Code, BSC, STC)

Impact on commercial framework (SQSS, licence)

Impact on systems (pricing, settlement, etc.)

Implementation

Transition Issues

Assessment against the applicable CUSC objectives