

BSSG 4th May 2010

Presentation: Draft report on the BSSG discussions on compensation paid under CAP48 and CAP144

Introduction

- CAP43 (April-2003) introduced Connection Entry Capacity (CEC) and Transmission Entry Capacity (TEC)
- CAP48 (April-2004) defined when compensation would be payable for loss of Transmission access
- CAP144 (July-2008) introduced compensation mechanism for emergency de-energisation
- CAP70 and CAP94 introduced Short Term Transmission Entry Capacity (STTEC) and Limited Duration Transmission Entry Capacity (LDTEC)

Compensation under CAP48 and CAP 144

	CAP48	CAP144
Planned Day Ahead (by 16:00)	Refund of TNUoS	n/a
Planned after 16:00 Day Ahead	MIP for first 24 hours followed by rebate of TNUoS	n/a
Unplanned (tripped)	MIP for first 24 hours followed by rebate of TNUoS	SBP for BM Window, MIP for first 24 hours followed by rebate of TNUoS

Eligibility under CAP48 (1)

- Relevant Interruptions are compensated under CAP48, defined in the CUSC as:
 - “Interruption” where either:-
 - (i) solely as a result of Deenergisation of Plant and Apparatus forming part of the National Electricity Transmission System; or
 - (ii) in accordance with an Emergency Deenergisation Instruction;
 - a) BM Unit comprised in the User’s Equipment of an Affected User (other than an Interconnector Owner) is Deenergised; or
 - b) an Interconnector of an Affected User who is an Interconnector Owner is Deenergised.; or
 - c) The Maximum Export Limit in respect of the BM Unit(s) associated with such User’s Equipment is zero.

Eligibility under CAP48 (2)

- Allowed Interruptions are not compensated under CAP48, defined in the CUSC as:
 - an Event other than an Event on the National Electricity Transmission System;
 - an event of Force Majeure pursuant to Paragraph 6.19 of the CUSC;
 - a Total Shutdown or Partial Shutdown;
 - action taken under the Fuel Security Code;
 - Disconnection or Deenergisation by or at the request of The Company under Section 5 of the CUSC, except in the case of an Emergency Deenergisation Instruction;
 - the result of a direction of the Authority or Secretary of State;
 - tripping of the User's Circuit Breaker(s) following receipt of a signal from a System to Generator Operational Intertripping Scheme which has been armed in accordance with Paragraph 4.2A.2.1(b).

Eligibility under CAP48 (3)

- **Relevant Interruptions;** Compensation under CAP48 is limited to those instances of disconnections caused solely as a result of de-energisation of Plant and Apparatus forming part of the National Electricity Transmission System. Solely is not a defined term under the codes, its use in determining a relevant interruption allows an exact interpretation to be applied as to what is, or is not compensated under CAP48.

Issues discussed under the BSSG

- Are the types of interruption classed as a relevant interruption, and hence compensated, reasonable?
- Is the compensation paid appropriate?
- Is alignment of CAP48 and CAP144 appropriate?

Are the types of interruption classed as a relevant interruption, and hence compensated, reasonable?

- An interruption is eligible for compensation if an issue on the National Transmission System is the sole reason for disconnection.
- Some nuclear generators may in the event of interruptions to station transformers self interrupt, the export connection is unaffected and such an interruption would not be eligible for compensation.

Is the compensation paid appropriate? (1)

- Four main issues have been discussed at the BSSG
 - Increase the compensation paid at Market Index Price (MIP) from 24 hours to 36 hours – Compensation for the initial period under CAP to allow a user to trade out of a physical position, some members of the BSSG have suggested 24 hours is too short a period and 36 hours more appropriate.
 - Introduce an additional period of compensation following restoration of access – Some generators not able to resynchronise immediately following restoration of access. The BSSG have discussed the introduction of an additional period of compensation once access restored.

Is the compensation paid appropriate? (2)

- Change the compensation rate from TNUoS to LDTEC – Some members of the BSSG have suggested LDTEC is a more appropriate compensation method than a refund of TNUoS.
- Introduce a flat weekly £100/MW/Week compensation for each 7 day period of disconnection – This is intended to compensate users for the uncertainty involved with an ongoing disconnection. This would be capped at a maximum of 4 weeks.

Alignment of compensation under CAP48/CAP144?

- Unplanned CAP48 compensation and CAP144 compensation is very similar (with MIP paid under CAP48 for first 24 hours while SBP is paid under CAP144 for the BM Window), is it appropriate to align compensation under CAP48 and CAP144.

Comparison of costs under existing methodology and BSSG discussions

Current CAP48 Compensation Calculation Example

	Comensation	Comments
Intial 24 hours	£1,151,280	Compensation at MIP
2nd to 16th March inclusive	£410,959	Refund of TNuDS (£27,397 / day)
	£1,562,240	

Alternative CAP48 Compensation Calculation Example

	Comensation	Comments
Intial 24 Hours	£1,807,065	Compensation at MIP
2nd to 16th March inclusive	£1,125,000	Refund at LDTEC rate for each day or part day
Flat weekly 100/MW per 7 day period of disconnection	£100,000	500MW @ £100, two 7 day periods
Additional Period of compensation following access restoration	£155,515	Additional 3 hours compensation @ MIP
	£3,079,480	

Way Forward

- BSSG provide views on points discussed in paper:
 - Should the definition of relevant interruption be expanded
 - Should the initial compensation period be expanded to 36 hours
 - Should there be an additional period following restoration of access
 - Is LDTEC a more appropriate compensation rate than TNUoS
 - Is the introduction of a flat weekly payment appropriate
 - Should compensation under CAP48 and CAP144 be aligned