

CAP144 Working Group

Meeting Name	CAP144 Working Group
Meeting No.	1
Date of Meeting	14 th February 2007
Time	10:30 – 15:00
Venue	AEP Offices, 17 Waterloo Road, London

This note outlines the key action points from the first meeting of the CAP144 Working Group.

1. Introductions/Apologies for Absence

1. Apologies for absence were received from Garth Graham (Scottish & Southern).

2. Working Group Terms of Reference and group admin

2. The Terms of Reference were agreed as the original drafting.
3. MT outlined timescales for the working group: the working group report needs to be finalised by the 19th April.
4. Need to invite Elexon to future meetings to ensure that there are no issues / interaction with the BSC.

3. Background to and Overview of CAP144 Proposals

5. EC gave a presentation to the group on the background and rational behind CAP144. There are different mechanisms for recompense under the current CUSC for situations where units are tripped as opposed to controlled emergency shutdown. This discrepancy provides a perverse incentive on National Grid to allow the unit(s) to trip rather than issue an Emergency Instruction (EI) to come off the bars in a controlled manor. CAP144's intention is to correct this disparity.
6. CAP144 has two main elements; *the situation leading to the Emergency Instruction; recompense for restriction of access.*
7. *Emergency Instruction* – To ensure CAP144 arrangements are limited to specific operational circumstances, the CUSC will need reference those specific circumstances in the Grid Code. Need to include reference in BC2.9.1.2 (and subsequent changes to the Grid Code section BC2.9.2 & BC2.9.3).
8. *Recompense for restriction of output* – The proposal utilises the CAP048 arrangements as currently defined i.e. recompense for the first 24 hours would be at MIP x TEC, there after there would be a TNUoS rebate until access was restored.
9. BR was concerned about the definitions in the various codes, namely BMUs in the Grid Code and Power Stations in the CUSC.
10. EC explained that the current CAP048 payment mechanism is not recoverable through NGs license charges. There is work being undertaken to update the license to include some form of cost recovery. Ofgem have stated that they are minded to consider a cost recovery mechanisms.
11. There was some debate as whether MIP was the correct reference 'price' for the recompense calculation. Alternative payment mechanisms could be included in an alternative or a new modification. EC thought that this was out of scope. MT would discuss with the panel.
12. A new mechanism to notify affected parties that they need to apply for recompense

payments is required.

13. An issue was raised regarding the consequential changes required to the Grid Code. The timing of the Grid code changes may mean an extension of the implementation timescales for CAP144. EC stated that it would be preferential to get CAP144 agreed and then undertake to update the Grid Code.
14. A discussion on the effect of the EI on the cash out price came to the conclusion that there would be an effect from the consequential rebalancing of the system but not directly from the EI (P172 – all EI taken out of cash out price calculation). The effect would be dependant on the market circumstances at the time of the event. BR stated that there should be an incentive on the affected party to rebalance as soon as practicable and that CAP144 should not dilute this incentive.

4. Next Steps

15. Invite appropriate Elexon member to the future meetings.
Action: MT
16. Prepare an example of how CAP144 would notionally work using the Damhead Creek situation as the basis. Example to include; what happened; what CAP144 is proposing should happen; consider the cash flows for pre and post CAP144; take into consideration P172 (P172 was agreed post Damhead Creek situation). Also consider how 'after the wall' is handled in both situations i.e. what would happen if BMU submits a valid PN after the wall.
Action: EC
17. Group to consider the example and notify EC of any additional 'what ifs' that need to be considered.
Action: All
18. Clarification sort from the panel on the scope for working group alternatives.
Action: MT
19. Depending on outcome of above action, consider alternative modifications.
Action: All
20. Consider the definition of the emergency event that CAP144 arrangements needs to cover. The definition needs to be very clear and unambiguous.
Action: EC
21. How does NG rescind EIs? Is there anything in the Grid Code? What is the standard practice?
Action: EC
22. Update on timescales for considering the license changes associated with cost recovery of CAP048 payments.
Action: IR
23. Is the CAP048 process applicable under the CAP144 proposal? Will the process need any tweaking?
Action: EC

5. Date of Next Meeting

24. The next Working Group meeting will be held on Monday 14th March 2007 in Conference Room 10 at National Grid offices in Warwick. The meeting will commence at 10.30am.
25. Meetings will also be arranged for 26th March 2007 and 13th April 2007 at Warwick.

Appendix 1 – Working Group Attendance

Members Present:

Malcolm Taylor	MT	Chairman
Malcolm Arthur	MA	Secretary
Emma Carr	EC	National Grid
Bill Reed	BR	RWE Npower
David Lewis	DL	EdF Energy
Ben Sheehy	BS	E.ON
David Wilkerson	DW	Centrica
Rachael Lockley	RL	British Energy

In Attendance:

Ijaz Rasool	IR	Ofgem
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Apologies:

Garth Graham	GG	Scottish and Southern
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