

Alternative STTEC Charging Regimes

CISG

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STTEC Reporting

- Quarterly updates to the Short Term Firm Access website, available via: http://www.nationalgrid.com/uk/indinfo/cusc/mn_sttec_apps.html
- Information to be published for accepted/rejected STTEC periods within the respective quarter
- No applicable STTEC periods in first quarter (Jan - Mar)
- Next updates expected for publication w/c 4 July 2005, 3 October 2005 and 3 January 2006

STTEC Reporting (2)

- For accepted applications, NGC will publish:
 - Identity of the User
 - Connection Site
 - Station Name
 - STTEC Period
 - Maximum and Minimum MW of STTEC granted
- For rejected applications, NGC will publish:
 - Details of STTEC period
 - Maximum and Minimum of STTEC requested



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STTEC Applications

This table is updated quarterly (from 1 January 2005) with information on accepted and rejected STTEC applications. For accepted STTEC applications, we aim to publish information where the STTEC period has ended within the respective quarter.

Date Received	User	Station Name	GSP	STTEC Period	Minimum MW Requested	Maximum MW Requested	Application Status
Quarter 1 - No STTEC applications							
Quarter 2 - Publication date w/c 4 July 2005							
Quarter 3 - Publication date w/c 3 October 2005							
Quarter 4 - Publication date w/c 3 January 2006							

Table updated - 11/05/05

Background

- STTEC introduced on 1 November 2004 via Cap070 & UoSCM-M-13
- Product designed in order to benefit the wider system and to facilitate the return to service of otherwise unavailable plant for a defined period
- Generators in positive tariff zones are liable for:
 - Charge based on 90% of zonal tariff over winter period (Nov – Feb inc.)
- Generators in negative tariff zones are liable for a zero charge
- STTEC period can vary between 4 to 6 weeks

Issues with STTEC

- Premium price for STTEC but seen as 'riskier' product than TEC
 - STTEC availability is subject to conditions outside applicants control
 - STTEC availability is not evergreen
 - Multiple applications incur multiple application fees
- Have there been conditions for the product to be properly tested?
- Effect on 'commissioning' generators who wish to access the system, for an extended period, prior to completion of re-enforcement works
- High cost when commissioning at end of charging year

Commissioning Generator: Alternative Options

- Do Nothing
- Reduce charge
- Annual cap on charge
- Escalating charge with each use / Limiting use
- Non-winter STTEC charge

Do Nothing

- Pros

- No special treatment
- Transparent
- Other products are available to address early access issue e.g. TEC Trading
- Simple

- Cons

- Perceived 'excessive' charge issue remains unresolved
- CUSC amendment may be raised

Reduce Charge

- Pros

- Reduces 'excessive' premium
- A premium over TEC can still be maintained
- Increases attractiveness of product – system security benefit
- Simple

- Cons

- Increases incentives to move from TEC to STTEC
- Does not prevent 'paying twice' when TEC starts in the same charging year
- Definition of commissioning generator?

Annual Cap on STTEC Charge

- Pros

- Cap could be set to maintain the premium to TEC
- Increases attractiveness of product

- Cons

- Does not address 'paying twice' issue
- Complex administration
- Increases incentives of moving to STTEC from TEC
- Marginal cost reduces to application fee once cap reached
- Definition of commissioning generator?

Annual Cap on STTEC & TEC Charge

- Pros

- Addresses 'paying twice' issue
- Cap could be set to maintain the premium to TEC
- Increases attractiveness of product

- Cons

- Discriminatory
- Complex administration
- Increases incentives of moving to STTEC from TEC
- Marginal cost reduces to application fee once cap reached
- Definition of commissioning generator?

Conclusions: Commissioning Generator Issue

- ???

'Excessive' Charge: Alternative Options

- Do Nothing
- Reduce charge
- Annual cap on charge
- Escalating charge with each use / Limiting use
- Non-winter STTEC charge

Escalating Charge with each Use / Limiting Use

- Pros
 - Increases attractiveness of product for first [x] applications
- Cons
 - Discriminatory
 - Justification against relevant objectives?
 - Increases incentives of moving to STTEC from TEC
 - CUSC amendment may better define product

Non-winter STTEC Charge or Profiling

- Pros
 - Increases attractiveness of product during profiled weeks
- Cons
 - Undermines TEC as primary product during profiled weeks
 - More complex administration
 - Justification against relevant objectives?

Conclusion: 'Excessive' Charge issue

- ???