



## **WORKING GROUP REPORT**

### **CUSC Amendment Proposal CAP070 SHORT TERM FIRM ACCESS SERVICE**

**Prepared by the CAP070 Working Group  
for submission to the Amendments Panel**

Amendment Ref	CAP070
Issue	2.0
Date of Issue	13 May 2004
Prepared by	National Grid

## I DOCUMENT CONTROL

### a National Grid Document Control

Version	Date	Author	Change Reference
0.1		National Grid	Initial Draft for internal comment
1.0	15/04/04	National Grid	Working Group Report
2.0	13/05/04	National Grid	Updated Working Group Report

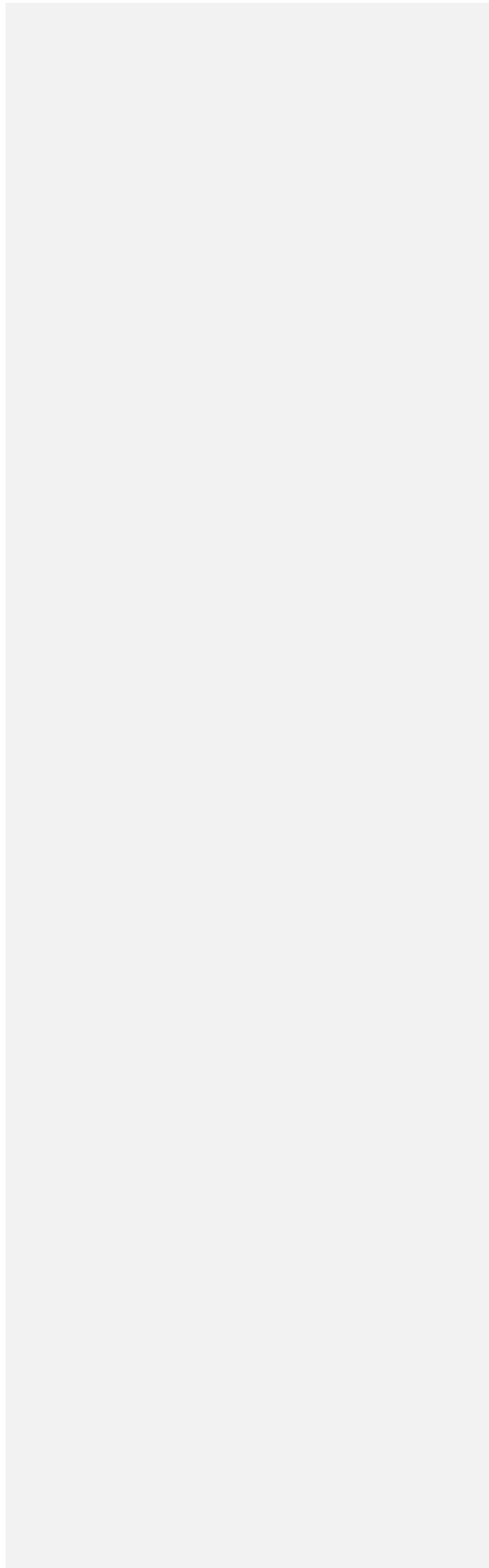
### b Distribution

Name	Organisation
Panel Members	Various

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## 1.0 SUMMARY AND RECOMMENDATIONS

### Executive Summary

- 1.1 Amendment Proposal CAP070 Short Term firm Access Service (see Annex 3) was proposed by NGC on the 20<sup>th</sup> January 2004. The CUSC Amendments Panel determined that a working group should be established to consider the proposal, prior to industry consultation. The Terms of Reference were determined (see Annex 1) with a requirement to report back to the April 2004 Panel Meeting.
- 1.2 The Working Group (WG) has evaluated the proposal against the Applicable CUSC objectives in accordance with its Terms of Reference.
- 1.3 The WG considered there were three important aspects of the proposal and the options for alternatives considered: i) usefulness of the product proposed, ii) whether such a product augmented or undermined the current TEC product, and iii) how the charge for such a product can be set consistent with the TNUoS charging methodology. *{A number of members believed that the current TNUoS methodology was an inadequate starting point and that any charging methodology for STTEC would therefore merely elaborate this inadequacy. However, it is agreed that consideration of the TNUoS methodology is well outside the terms of reference of the WG}*
- 1.4 Possible other candidates for the product were considered and two further options were considered in detail: i) an un-mothballing option, and ii) a short-notice short-term firm (SNSTF) product. Both were considered different from the primary amendment proposal and potentially as usable. Both of these options included the choice for the generator to accept or reject the short-term TEC at the time it is offered by NGT. In developing a Working Group Alternative of original CAP070 plus STSNF NGT have created legal text that is as far as possible modular. In this way, if further alternatives are to be considered, the legal text can be created quickly and efficiently. For those members who supported the STTEC approach such options could form part of a suite of products that could all be made available.
- 1.5 Although the WG cannot agree whether or not the creation of a short-term TEC would better meet the applicable CUSC objectives, it proposes that the original CAP070 proposal and a Working Group Alternative Amendment comprised of original CAP070 plus a short-notice short-term firm (SNSTF) product should be taken forward for wider consultation. (It should be noted that CUSC signatories are free to propose further amendments and to raise Consultation Alternative Amendments, should they wish)
- 1.6 The consideration of original CAP070 plus a short-notice, short-term firm (STSNF) product arises directly as a result of the consideration by the CUSC Panel of a draft CAP070 Working Group report and CAP073 at their April 2004 meeting. This revised CAP070 report, containing a Working Group Alternative of CAP070 plus SNSTF is designed to ensure consulted parties are presented with both options simultaneously and that therefore the consultation process is both thorough and efficient.

### Working Group Recommendation

- 1.7 The WG proposes that the original CAP070 proposal and a Working Group Alternative Amendment comprised of original CAP070 plus a short-term, short-notice firm (SNSTF) product should be taken forward for wider consultation. (It should be

noted that CUSC signatories are free to propose further amendments and to raise Consultation Alternative Amendments, should they wish).

### **Acknowledgements**

As chairman of the WG, it is with great pleasure that I record my thanks to the group members for their good humour, hard work and thoughtful contributions to the assessment process.

## **2.0 INTRODUCTION**

2.1 Subsequent to the implementation of Amendment Proposal CAP043 that introduced TEC, NGT introduced CAP070 with the intention of augmenting TEC with a short-term more limited incremental addition that would be particularly useful in providing additional access for generators during the winter period (at periods of potential system stress). NGT anticipate that take up of STTEC compared with TEC will provide a small but useful marginal addition to generator access and this is reflected in the design of the product and its charging arrangements.

## **3.0 PURPOSE AND SCOPE OF WORKING GROUP**

3.1 The Working Group was tasked with the resolution of the following issues in the context of CAP070:

### **3.2 CHARACTERISATION OF THE PRODUCT**

#### **3.2.1 Timeline for the Product:**

The Working Group considered the product as described in the amendment proposal and how the basic product might be 'stretched'. NGT responded that applications for TEC were analysed against a Planning background and requests for STTEC would be analysed against an Operational background. The timelines for present evergreen TEC, the product as described in CAP070 and possible variants are included in Annex 5. Three timelines are presented for the variants to include examples such that if the STTEC period were for six weeks then the notice period would be four weeks and if the STTEC period were two weeks the notice period would be eight weeks. The whole process from application to the last day of use should ideally not take longer than 13-weeks, in NGT's opinion, because increased uncertainties in the planning process impair its ability to forecast costs/benefits that might be driven by longer term commitments. In its view a longer timeline could lead to a reduced probability of making an allocation given the increased uncertainty. NGT also indicated that maintaining a reasonable period between allocation and use was desirable in its view because the 4-week period before use would normally be a resource intensive period for short term planning of operations. Additional analysis in this period could therefore lead to additional resource requirements.

#### **3.2.2 Other Options**

The WG members were asked to propose other options to the STTEC proposed in CAP070. After discussion two further products were identified and their timing attributes are compared below:

	<b>CAP070</b>	<b>“un-Mothball”</b>	<b>“short term short notice firm”</b>
Duration of Capacity Period	4 weeks	10 weeks	4-6* weeks
Latest application date	6 weeks before	8-16 weeks before	2 weeks before
Notice to User	4 weeks before	4-12 weeks before	4 days
User Accept/Reject	Committed at application	2 weeks	1 day
Analysis time	2 weeks	2 weeks	1 week

\*The ability to specify a duration between 4 and 6 weeks, as well as giving the generator additional freedom, will also allow the generator to match the duration of SNSTF product to the EFA contract periods.

Additionally, the WG discussed stretched versions of the basic products (see Annex 5 CAP070 Elasticity) and agreed that they had merits. However, generator members in particular felt that the ‘un-Mothball’ and ‘SNSTF’ products were different from the basic product and potentially attractive. Therefore it was decided that the final report would only consider the original product and these two other products.

NGT stated that they would prefer that, should a range of products remain attractive they should be introduced incrementally, for instance available over two timescales: for winter 2004/5 and for 1 April 2005.

### 3.2.3 Checks and Balances

The WG discussed whether or not there should be any particular checks and balances on the availability of STTEC. NGT considered that evergreen TEC should remain the primary product for generators. The suggested associated charging methodology put forward in CAP070 would provide a natural check for STTEC in that if the charge were based on a proportion of annual TNUoS then the use of STTEC would naturally be limited. For instance if STTEC were to be charged at 20% of annual TNUoS then the generators would presumably limit the use of STTEC to five times per year. Similarly, there would be another check by limiting the proportional TNUoS charge to generation in positive zones and setting the charge in negative zones to zero. Otherwise, for generators in negative zones they may be in a somewhat perverse position of being able to receive >100% TNUoS payment.

It is arguable whether a fixed restriction should be placed on the use STTEC by a particular User, regardless of the natural limitations placed by the charging methodology. NGT would prefer the methodology limitation route because as well as the extra administrative burden NGT is not aware of a methodology that could derive a sensible limitation. Similarly, there has been discussion on whether there should be a restriction on the number of applications for STTEC. Again, NGT would expect that the application fee could provide a natural check on an excessive number of applications.

WG Members concurred that it would be difficult to establish any better administrative checks than those described for the amendment proposal:

- Applicants would be dealt with on a first come first served basis;
- No STTEC application would be granted if NGT anticipated that it would lead to exacerbation of a constraint; &
- The pricing structure would tend to limit the number of STTECs purchased.

### 3.2.4 Firmness of the Product

Annex 4 describes the issues and assumptions with the firmness of STTEC.

### 3.3 CHARGING METHODOLOGY

#### 3.3.1 Charging Principles

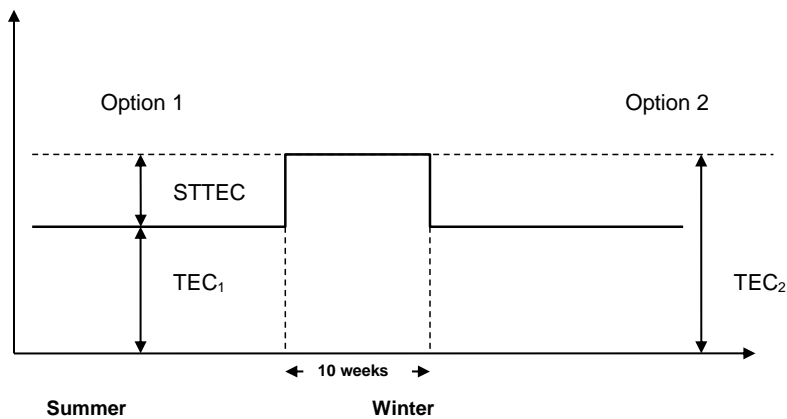
The TNUoS Methodology contains two major components: the transport model and the tariff model. Formal consideration of how STTEC would affect these models is outside the terms of reference of the WG and would need to be taken up as a charging methodology modification. Nevertheless, as the WG recognised that charging was fundamental to any consideration of the benefits of the amendment proposal, it was felt appropriate to ask NGT for an indication of how they would envisage STTEC would be dealt with in the TNUoS methodology.

NGT consider that the use of STTEC will be most attractive in the winter months where plant may want to return to service at periods of highest demand and where market prices are attractive. These peak winter months are widely regarded as November to February, amounting to 17 weeks. NGT has estimated that 90% of its transmission capital investment costs (which are for the E&W system alone) are driven by peak. CAP070 describes capacity being made available in four week blocks. NGT therefore believe it would seem reasonable to charge four weeks capacity at 20% of the annual TNUoS rate. They believe that this charging structure should encourage plant to return to service for winter, but that if generators wanted units to be available for longer periods then the evergreen TEC product would be more appropriate. As mentioned above NGT anticipate that STTEC will be a small but useful incremental addition to TEC and that its use would not significantly affect the 90/10 split of costs, for example.

In summary, the NGT charging proposal for positive charging zones is for Annual TNUoS > STTEC > pro-rated Annual TNUoS. In positive charging zones the STTEC charge would still be zonally differentiated, whilst in negative zones it would be zero. If generators sought STTEC for summer use, the same charging arrangements would apply.

A variety of views was expressed about the proposed charging structure. Some WG members were of the view that the current TNUoS methodology was inappropriate and that therefore charging for STTEC based on the TNUoS charging methodology merely elaborated this incorrectness. Others believed that the TNUoS methodology was designed to deliver investment signals and that to seek to harmonize the pricing for a short-term product with a set of investment signals was inappropriate. For example, a flat rate based on say, the average value of TNUoS across the country could be used for STTEC. A further set of views was to disagree with the rationale for a 20% charge on the basis that if a generator is at maximum during a four week block including system peak, it imposes 90% of the costs, not 20%. Therefore it is whether or not the block includes system peak, rather than the duration of the block, that would determine the costs imposed. Finally, some members considered the proposed STTEC charging structure was inconsistent with the TEC charging structure because TEC requires payment on the basis of maximum output regardless of when in the year the maximum occurs, or its duration.

The WG considered a generator that would expect to operate with a load factor as illustrated;



In order to achieve this pattern of running a generator could either opt to buy TEC up to the maximum value for the year (TEC<sub>2</sub>), or to purchase TEC<sub>1</sub> plus STTEC for the 10-week bulge of production. The costs would be entirely different. What would be the differences in products obtained? The payment of annual TEC<sub>2</sub> would allow the maximum to be produced at any time in the year and would give the purchaser the automatic option to renew in the following year. Would this be worth the premium over TEC<sub>1</sub>+ STTEC?

### 3.3.2 TNUoS Charging Methodology

Setting TNUoS charges is a two stage process. Firstly, marginal costs are derived through the use of the transport model. The nodal generation data used in the transport model is the TEC at each node. For reasons of transparency, this is taken from the SYS, including all updates to the October prior to the start of the charging year. However, when converting these marginal costs into final TNUoS tariffs NGT must use the most accurate forecast possible of the generation charging base, to ensure correct revenue recovery. This is achieved by multiplying the initial transport tariffs by the expected metered triad demand and actual generation capacity to estimate the revenue recovery. Both of these latter parameters are presently based on forecasts provided by Users and are confidential.

Presently the CUSC and Statement of Use of Charging Methodology sets out the rules for the provision of data for use in setting tariffs. CUSC sets out that data shall be supplied before the second week in December and the Charging Methodology Statement sets out that Generators or Interconnector Asset Owners shall provide forecasts of the highest TEC for each Power Station or Interconnector for the forthcoming financial year.

CAP069 is seeking to make the provisions of the CUSC clearer, particularly in differentiating between Users to supply TEC forecasts in December and Demand forecasts in March prior to the year to which they relate. Also, it is intended that the charging methodology statement should be clarified to explain that the transport model will be based on the contracted TEC values as set out in the applicable SYS e.g. for 2005/6 charges the nodal generation data will be based on the contracted TEC for 2005/6 as set out in the April 2004 SYS plus any data included in the quarterly updates to October 2004.



If the transport model is to take account of STTEC, NGT anticipate they would use the STTEC used for the previous year provided that the timescales for setting the tariffs would allow; presently the tariffs are published on 31<sup>st</sup> January. By using the historical data rather than an estimate NGT could continue to allow User access to the transport model. There is always an additional risk in using data from differing time periods that year-on-year changes lead to distortions in the transport model. NGT would probably have to use a forecast of peak zonal generation, as it does now, to generate the final tariffs.

### 3.3.3 Cost Recovery

Under the current arrangements it is anticipated that any additional cost recovery from STTEC will be factored into the total TNUoS revenue via the  $K_t$  factor. Special Condition AA5A: Revised Restrictions on Revenue of NGC's Transmission Licence sets out the treatment of NGC's revenue through its price control formula. In particular, Part 1(2) sets out the tolerances placed on  $K_t$  such that if the transmission network revenue exceeds the maximum revenue by more than 2% in year t-1 then  $K_t$  is inflated by the average specified rate (Barclay's base rate) plus 4%. If the transmission network revenue in year t-1 is less than the maximum revenue or does not exceed the maximum revenue by more than 2% then  $K_t$  is only inflated by the average specified rate.

In addition Special Condition AA5B: Adjustments to Initial Transmission Network Revenue Formula places further restrictions on revenue such that if transmission network revenue exceeds the maximum revenue by more than 3% in the previous year then NGC is not allowed to increase its charges unless it can demonstrate to Ofgem that it is reasonable to do so.

Also, if in any two successive years, the sum of the amounts by which the transmission network revenue has exceeded the maximum revenue is more than 4% for the second of those years NGC shall, if required by Ofgem, adjust its charges such that in the judgement of the authority the transmission network revenue will not exceed the maximum revenue in the following year.

There is also a restriction such that should the transmission network revenue ( $C_{t-1}$ ) be less than 90% of maximum revenue for two successive years then the formula for calculating  $K_t$  shall be changed such that a figure will be substituted for  $C_{t-1}$  which is not less than  $C_{t-1}$  and not more than 90% of the maximum revenue for that year.

The WG discussed the possibility of a separate STTEC  $K_t$ , to allow for separate recognition and management of STTEC volume, but concluded that as NGT anticipated STTEC would be marginal, it may not be necessary.

NGT consider that for the present price control review period the revenue from application fees should form part of allowed revenue.

### 3.3.4 NGT Incentivisation

Presently, revenue from STTEC would be treated as TO income and would count towards allowed revenue. NGT have argued that they should be incentivised to release STTEC through an SO incentive scheme. The details of such a scheme would be the subject of separate consultation. However, it is worth noting that such a scheme might well involve a risk/incentive sharing arrangement between the TO and SO. These arrangements are obviously not yet in place and the earliest they could be put in place is likely to be from April 2005. As the desired implementation date for

the introduction of STTEC is for the winter of 2004/5 any revenues from STTEC over this period, (in the absence of any licence change) would probably count against NGT's present maximum allowed revenue and any over-recovery would be adjusted through  $K_t$ .

Some of the WG members held the counter view that the nature of STTEC made it ineligible to be the subject of an incentive scheme.

#### 3.4 BETTA

The Working Group considered the implications for BETTA of the amendment.

##### 3.4.1 GB CUSC and SO/TO Code (STC)

CAP070 is an England and Wales CUSC Amendment that is being taken forward against the applicable England and Wales CUSC Objectives. However, clearly at some point, CAP070 will be consulted on as to whether it is appropriate to implement on a GB basis, under BETTA.

The intended GB contractual framework is not identical to the existing England and Wales contractual framework. One of the main differences will be the existence of an (STC) under BETTA. If there is a need for any aspects of CAP070 to be backed off into the STC, this will be taken forwards as part of the development of the STC under BETTA. The group anticipated that if there were to be consequential changes then the CUSC would drive the STC, not vice versa.

##### 3.4.2 Charging methodology Consultation

At present there is no procedure for charging methodology consultations to take place on a GB-wide basis. CUSC amendments are consulted on in E&W and then Ofgem can consult GB-wide. At this stage, it is difficult to say whether the associated charging methodology for CAP070 would be consulted on stand-alone on a GB basis, or as part of a wider GB charging methodology consultation. This will depend on the timings of the consultation for CAP070 in relation to its expected implementation date and development compared with BETTA timescales.

#### 3.5 EFFECT ON MARKET PARTICIPANTS

3.5.1 Effect on Licensed generators: Licensed generators whether transmission attached or embedded could use this product for additional short-term access. Portfolio generators would probably be able to make better use of the product than single location generators, simply because their geographical diversity may allow them greater choice over where to seek STTEC. (This is a normal portfolio benefit).

3.5.2 Effect on Licensed exempt embedded generators: Where such generators have elected to join the BSC and sign the CUSC they would be treated exactly as per licensed embedded generators. Otherwise they will be treated as negative demand and would not be able to utilise STTEC directly. Any indirect effect on them would arise from the effect on demand.

3.5.3 Effect on Interconnectors: For Interconnector owners TEC is only relevant for imports into E&W when they act in a way analogous to licensed generators. Depending on the balance of trade through the interconnector, the owner could decide to reduce the annual TEC and purchase STTEC for periods of anticipated high import. Such a decision would carry similar commercial risks and benefits to the equivalent decision by a licensed generator. Interconnector Users are currently charged for TEC and doubtless, the cost recovery mechanism could be adapted to

deal with TEC and STTEC. It should be noted that access is currently auctioned on an annual, monthly and daily basis and the owner might conceivably seek to align any use of STTEC with the shorter term auctions.

3.5.4 Effect on Suppliers: Suppliers would not be able to use STTEC. Nevertheless, they would be affected through the operation of the  $K_i$  factor on TNUoS charges and through any effect on BSUoS via constraint costs. It should be noted that NGT would not offer STTEC if they anticipate it would exacerbate a transmission constraint. In the event of an NGT incentive scheme being put in place this may additionally impact BSUoS charges.

3.5.5 Effect on NGT: There would be no effect on TO revenues unless the volume of STTEC became sufficiently high to threaten to take the  $K_i$  monies outside the normal operational limits allowed to NGT. The STTEC option may affect prices (bilateral contracts, bids/offers and Balancing Services Contracts) for the duration purchased, and hence BSUoS and hence the SO Incentive.

### 3.6 EFFECTS ON COMPETITION

3.6.1 Barriers to Entry: NGT and others consider that the implementation of CAP070 will reduce barriers to entry because the cost of STTEC will be lower than that required for annual TEC. It would also reduce the barrier to exit for the same reason. Some other WG members disagreed, as overall CAP070 (without an incentive) will have no effect on the total cost recovery and they were not convinced that the intended charge for STTEC was cost reflective. Some other WG members thought that STTEC amounted to cross-subsidized entry that would distort competition.

#### 3.6.2 Regional Effects

WG members considered the attractiveness of STTEC as a function of location. The cost of STTEC will vary by TNUoS zone. The attractiveness to generators will depend on a host of commercial variables that will vary between companies and with time. It would be futile for the WG to try to second guess companies' commercial decisions. Nevertheless, the pattern of TEC/STTEC usage and how it evolves will affect the locations of transmission zone boundaries, as well as the relative variations between zones (see Section 3.3 above).

### 3.7 CONSEQUENTIAL EFFECTS OF THE AMENDMENT

The WG considered the effect of the amendment on other industry codes and licences.

#### 3.7.1 Implications in respect of the Grid Code

NGT does not envisage that any changes to the Grid Code would be required as a result of the implementation of CAP070.

#### 3.7.2 Implications in respect of the Transmission Licence

Standard Condition C7D: Requirement to Offer Terms, of NGC's Transmission Licence sets out the provisions for NGC to offer terms for connection and use of system and enter into a bilateral agreement. NGT is not obliged to enter into any agreement that would involve the licensee to be:

- a) in breach of its duties under section 9 of the Act i.e. to essentially operate an economic and efficient system;

- b) in breach of regulations made under section 29 of the Act or of any other enactment relating to safety or standards applicable in respect of the transmission business;
- c) in breach of the licensee's Grid Code
- d) in breach of the conditions, or

the person making the application does not undertake to be bound by the licensee's Grid Code and/or the CUSC, or the person ceases to be an authorised electricity operator.

NGC is not obliged to enter into an agreement where it would prejudice the safe operation of the system or where the person is not a suitable operator or signatory to the Codes or where it would not be economic or efficient to do so. It could be argued that this latter provision, i.e. economic and efficient grounds would allow NGC not to grant STTEC applications in all cases. Nevertheless, NGT anticipates that it will bring forward Transmission Licence modification proposals covering the provision of STTEC. These will make clear that whilst NGT will seek to allocate STTEC in a non-discriminatory way and consistent with economic and efficient operation of the system, NGT will not be obliged to offer STTEC to anyone who applies for it. Preliminary discussions with Ofgem have indicated that they would be happy to consider a Licence amendment to cater for STTEC if necessary. An alternative approach would be to make clear that the requirements of C7D do not apply to applications for short term use of system. In the event that Ofgem agree to the proposed amendment, or an alternative, the detailed means of dealing with this issue will be discussed and agreed with Ofgem.

3.7.3 Implications in respect of related modifications e.g. CAP068, CAP069 and the development of the maxgen service (CAP071). NGT does not envisage that CAP070 will have any implications on other as yet undecided CUSC amendments or that they in turn will require any change to CAP070.

3.7.4 Changes to Other parts of the CUSC:  
The Draft Legal Text is provided In Annex 2 which includes a new Exhibit P.

3.7.5 Identify any requirements for information provision  
WG members suggested and NGT agreed that they should provide an annual report of STTEC use and a summary of the reasons where requests for STTEC were not authorised during the previous year. Additionally, NGT will look at means to put allocations of STTEC and relevant data concerning unsuccessful applications into the public domain as soon as practicable after allocation. The purpose of releasing data about unsuccessful applications will be to facilitate market operation. Details of formats, web page designs, timing of release etc., will be developed once Ofgem has decided about the proposal.

## **4.0 THE LEGAL DRAFTING PROCESS**

4.1 The legal text for the amendment and the Working Group Alternative Amendment is attached as Annex 2.

## **5.0 ASSESSMENT AGAINST APPLICABLE CUSC OBJECTIVES**

5.1 CUSC Amendments are required to be assessed in terms of their ability to better facilitate achievement of the applicable CUSC Objectives. These are set out in Paragraph 1 of Condition C7F of National Grid's Transmission Licence and can be summarised as follows:

- (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and*
- (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating competition in the sale, distribution and purchase of electricity*

Objective a) NGT assess that the primary gain from the amendment is a reduction in the barriers to entry. This will lead to a more economic use of the system in the short term. Those WG members who disagreed thought that an increase in complexity could lead to a decrease in efficiency. Additionally, those members suggested that unless there was a consistent charging methodology, it could create perverse incentives for parties to behave in a manner which would lead to further inefficiency. Additionally, they were not convinced that there was a barrier to entry.

Objective b) NGT assert that the reduction of barriers to entry will lead to enhanced competition, particularly at times of system stress and hence enhanced competition between generators. Those members who disagreed asserted that this was a discriminatory cross-subsidy that would distort cost/price structures for market participants.

## **6.0 ALTERNATIVE AMENDMENT**

6.1 Members discussed variants of the main proposal as well as two further candidates for alternative amendments: i) 'un-mothball', and ii) 'short notice, short term firm' (SNSTF). WG members considered that none of the stretched versions of the main proposal offered advantages over the main proposal itself so were not considered further. After seeking advice from the CUSC Panel the WG agreed that a Working Group Alternative could be created by having original CAP070 plus SNSTF. One WG member supported this approach and so the WG agreed to propose this as a Working Group Alternative for the purposes of consultation. No WG members were in favour of creating further Working Group Alternatives such as: (CAP070 + 'unmothball'), or (CAP070 + 'unmothball' + SNSTF) and so these are not proposed as further alternatives.

6.2 For the Working Group Alternative Amendment the charging basis would be prorated from CAP070 original, i.e. if the SNSTF option was for 5 weeks the charge would be 25% of the annual TNUoS (in a positive charging zone), or zero (in a negative charging zone), and if the SNSTF option was for 6 weeks the charge would be 30%, or zero respectively.

6.3 The WG members and NGT agreed that the legal text should be as modular as possible so that if other options are raised during the consultation phase, they can be dealt with cost-effectively. The difference between CAP070 original and the other options considered is twofold: i) difference in the timing characteristics of the product, and ii) the other options all allow the generator to refuse or accept the TEC product when it is offered, whereas with CAP070 original the generator is committed as soon as they apply. Therefore WG members and NGT believed that by creating the legal text for CAP070 original and the legal text for the SNSTF option, all the other options could be created by adjusting the legal text to reflect the differences in timing.

6.4 WG members noted that CUSC Parties were free to propose them or other options as consultation phase amendments, or new amendments, should they wish.

## **7.0 PROPOSED IMPLEMENTATION AND TIMESCALES**

It is proposed that implementation if directed, should be 1 October 2004 or 1 April 2005 depending upon the time required for consultation (including a potential Regulatory Impact Assessment) and consideration by Ofgem.

## **8.0 IMPACT ON CUSC**

The proposed amendment would require amendment of Sections **[2,3,5,6,9,11]**  
The legal text required to give affect to the Proposed Amendment is included in Annex 2 of this document.

In response to a query from a member of the WG NGT confirmed that the request fee should be paid before the request will be considered. NGT consider that this is consistent with the Modification Application process as set out in CUSC Section 6.9 and Exhibit I.

## **9.0 IMPACT ON INDUSTRY DOCUMENTS**

9.1 The Working Group did not identify an impact on Core Industry Documents or on the BSC.

9.2 Although not a Core Industry Document, the Working Group has identified that there will be an impact on NGT's Use of System Charging Methodology

## **Annex 1: Short Term Firm Access Working Group**

- **Terms of Reference**
- **Membership**
- **Meetings**
- **Internal Working Group Procedure**

### **Introduction**

- 1) CUSC Amendment Proposal CAP070 puts forward some proposed changes to the 'Transmission Access' arrangements for effect from beginning winter 2004/5. At the 23<sup>rd</sup> January 2004 Amendments Panel meeting, the Amendments Panel decided that a Working Group, the Short Term Firm Access Working Group (STFAWG), should be established and actioned to consider whether Amendment Proposal CAP070 better facilitates achievement of the Applicable CUSC Objectives when compared to the current arrangements.
- 2) This paper outlines the terms of reference that the STFAWG should work to regarding CAP070.

### **Proposed Membership of the Short Term Firm Access Working Group**

- 3) At the 23 January 2004 CUSC Amendments Panel meeting, the Amendments Panel agreed the following membership for the Transmission Access Working Group:

Chair	Malcolm Taylor
National Grid	Russell Cooper
	Rachel Morfill
Industry Representatives	John Capener
	Russell Hill
	Mike Harrison
	Paul Jones
	Simon Lord
	Jim McOmish
	Sarah Owen
	Shona Watt
Authority Representative	Richard Ford/Una Oligbo
Technical Secretary	Mark Freeman

### **Terms of Reference**

- 4) The Working Group has been established and actioned to consider CAP070 in line with the Amendment Procedures described in Section 8 of the CUSC.
- 5) The Working Group must consider the issues raised by the Amendment Proposal and consider if the proposal better facilitates achievement of the Applicable CUSC Objectives.
- 6) In considering the Amendment Proposal the Working Group shall:
  - i) Identify the costs and benefits of the proposal
  - ii) Determine whether the proposal will make entry/exit to the market easier
  - iii) Determine the effect on competition
  - iv) Identify the extent to which the proposal applies to the following categories of generator:
    - a) Licensed generators
    - b) Licensed embedded generators

- c) Licensed exempt embedded generators (LEEG) that have joined the BSC
  - v) Determine whether CAP070 has any implications in respect of the Grid Code
  - vi) Determine whether CAP070 has any implications in respect of the Transmission Licence
  - vii) Determine whether CAP070 has any implications in respect of related modifications e.g. CAP048, CAP068, CAP069 and the development of the maxgen service
  - viii) Identify how the proposal will affect Interconnectors and Interconnector Users and residual capacity
  - ix) Determine whether the proposal gives rise to undue discrimination between classes of User – i.e. generators, suppliers, different types of generator.
  - x) Identify whether any exhibits or other section of the CUSC (additional to those identified in the Amendment Proposal) need changing.
  - xi) Identify any requirements for information provision
  - xii) Take into account potential issues in the context of BETTA
  - xiii) Review the “Business Rules” as set out in the detailed description of the proposal
  - xiv) [Review the proposed timescales for implementation and the interaction with the proposed timescales to bring forward charging methodology proposals]
  - xv) Review rejected CAP073 and seek to create a Working Group alternative drawing out this proposal.
- 7) The Working Group is responsible for the formulation and evaluation of any Alternative Amendments arising from the Working Group discussions which would, as compared with the Amendment Proposal, better facilitate achieving the Applicable CUSC Objectives.
- 8) In progressing the Amendment Procedures in respect of CAP070, the Short Term Firm Access Working Group should be cognizant of any work undertaken in relation with arrangements for Transmission Access in other industry work streams (e.g. Charging Forum, Balancing Services Standing Group – Maxgen Service development).
- 9) The Short Term Firm Access Working Group Chairman will be responsible for providing a verbal report on the Working Groups progress at each Amendment Panel meeting. Furthermore, the Working Group Chairman will, in accordance with 8.17.10 of the CUSC, be responsible for producing a Working Group report with recommendations. The report should be submitted to the Panel Secretary by 15 April 2004 for circulation to Panel Members and the Conclusions of such report should be presented to the Amendments Panel meeting scheduled for 23 April 2004. The report should be written with reference to Section 8.17 of the CUSC.
- 10) Following discussion at the CUSC Panel on 23 April 2004 the Working Group was tasked with further considering the report in the light of rejected CAP073 and producing a final report for consideration at the CUSC Panel meeting on 21<sup>st</sup> May 2004.
  - (a) Relationship with Amendments Panel
- 11) The Working Group shall seek the views of the Amendments Panel before taking on any significant amount of work. Where the Working Group requires instruction, clarification or guidance from the Amendments Panel, particularly in relation to their



Scope of Work, the Working Group Chairman should contact the CUSC Panel Secretary.

#### **Meetings**

- 12) The Working Group shall develop and adopt its own internal working procedures and provide a copy to the Panel Secretary.
- 13) Meetings were held on
  - i) 9<sup>th</sup> February
  - ii) 8<sup>th</sup> March
  - iii) 19<sup>th</sup> March
  - iv) 5<sup>th</sup> April
- 14) The Report was delivered to the April CUSC Panel

#### **Internal Working Group Procedure**

1. Notes and actions from each meeting will be produced by the Technical Secretary (provided by National Grid) and circulated to the Chairman and Working Group members for review.
2. The Meeting notes and actions will be published on the National Grid CUSC Website after they have been agreed at the next meeting or sooner on agreement by Working Group members.
3. The Chairman of the Working Group will provide an update of progress and issues to the Amendments Panel each month as appropriate.
4. Working Group meetings will be arranged for a date acceptable to the majority of members and will be held as often as required as agreed by the Working Group in order to respond to the requirements of the Terms of Reference set by the Amendments Panel.
5. If within half an hour after the time for which the Working Group meeting has been convened the Chairman of the group is not in attendance, the meeting will take place with those present.
6. A meeting of the Working Group shall not be invalidated by any member(s) of the group not being present at the meeting.

## Annex 2: Proposed Legal Text to modify CUSC

*For the avoidance of doubt, the proposed changes are shown in colour marked up against the current version of the CUSC. Coloured underlined text will be inserted, and coloured strikethrough text will be deleted.*

*The draft legal text is included for the amendment and the Working Group Alternative Amendment. 6.31; Section 11 Definitions; CUSC Exhibit P - Request for Short Term Capacity are new entries for the amendment and the Working Group Alternative Amendment. The section on Changes to Other Parts of the CUSC applies to the amendment and the Working Group Alternative Amendment.*

### **6.31 SHORT TERM TRANSMISSION ENTRY CAPACITY**

#### **6.31.1 Background**

A **User**, who is party to a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** may make a **STTEC Request** to **NGC** in accordance with this Paragraph of the **CUSC**.

#### **6.31.2 Form of STTEC Request**

- 6.31.2.1 A **STTEC Request** must be received by **NGC** by the date specified in Paragraph 6.31.6.2.
- 6.31.2.2 A **STTEC Request** must be made by email and by fax and must attach the **STTEC Request Form** duly completed and signed on behalf of the **User**.
- 6.31.2.3 A **STTEC Request** shall not be deemed received by **NGC** until the non-refundable **STTEC Request Fee** has been paid to **NGC** and until the faxed copy of the **STTEC Request** is received in accordance with Paragraph 6.21.2.4 of the **CUSC**.
- 6.31.2.4 Each **STTEC Request** must state one **STTEC Period** only.
- 6.31.2.5 A **STTEC Request** must be for a **STTEC Period** within a 12 month period of receipt by **NGC** of the **STTEC Request** and the **STTEC Period** must not include any days within more than one **Financial Year**. The **STTEC Request** must include a minimum and maximum level of MW for the **STTEC Period**.
- 6.31.2.6 In respect of **Power Stations** directly connected to the **NGC Transmission System**, a **User' s Transmission Entry Capacity** plus the maximum figure requested (plus any **STTEC** previously for any part of the **STTEC Period**) must not exceed its total station **Connection Entry Capacity**.

#### **6.31.3 Assessment by NGC of STTEC Requests**

- 6.31.3.1 **NGC** may reject any **STTEC Request** that is not made in accordance with the provisions of this Paragraph 6.31.
- 6.31.3.2 **NGC** will assess **STTEC Requests** and whether or not to grant **STTEC Requests** at its absolute discretion.

6.31.3.3 **NGC** will start assessing a **STTEC Request** no later than the date specified in Paragraph 6.31.6.2.

6.31.3.4 If **NGC** has received more than one **STTEC Request** for a **STTEC Period** with the same start date, **NGC** will assess the **STTEC Requests** on a first come-first served basis such that the **STTEC Request** received earliest in time by **NGC** (as recorded by **NGC**) will be assessed first and then the **STTEC Request** received next in time after that, and so on.

6.31.3.5 No priority will be given to any **Users** who have previously made successful **STTEC Requests**.

#### **6.31.4 Notification by NGC**

6.31.4.1 Each **User** confirms and agrees that **NGC** shall have no liability to it for any **STTEC Request** which **NGC** does not grant in accordance with this Paragraph 6.31.

6.31.4.2 **NGC** is not obliged to grant any **STTEC Request** submitted.

6.31.4.3 A **STTEC Request** will only be granted at a level within the maximum and minimum range in MW submitted by the **User**.

6.31.4.4 **STTEC Requests** will be granted for a uniform amount of MW for the **STTEC Period**.

6.31.4.5 No **STTEC Request** will be granted if the maximum figure in the **STTEC Request** would together with the **User's Transmission Entry Capacity** (plus any **STTEC** previously granted for any part of the **STTEC Period**) exceeds the total station **Connection Entry Capacity**.

6.31.4.6 **NGC** shall notify a **User** who has made a **STTEC Request** by no later than the date referred to at Paragraph 6.31.6.3, whether or not **NGC** grants the **User's STTEC Request**.

#### **6.31.5 Charging, Invoicing and Payment**

6.31.5.1 Each **User** must pay the **STTEC Charge** even if the **User** does not use the corresponding **STTEC**.

6.31.5.2 The provisions of Section 3 shall apply in respect of the **STTEC Charge**.

6.31.5.3 The provisions of Section 6.6 shall apply in respect of payment of the **STTEC Charge**.

#### **6.31.6 General**

6.31.6.1 Each **STTEC Request** will constitute an unconditional and irrevocable offer by the **User** to **NGC** to buy **Short Term Capacity** (on a station basis) up to the quantity (in whole MW) stated in the **STTEC Request** for the **STTEC Period** and at the relevant price per MW set out in the **Statement of Use of System Charges** and upon the terms and conditions of **CUSC**. A **STTEC Request** is capable of being accepted by **NGC**. Notification by **NGC** that it has granted the

**STTEC Request** in accordance with Paragraph 6.31.4.6 constitutes acceptance by **NGC** of the **STTEC Request**. The notification will:-

- (i) state the level in MW (within the maximum and minimum range requested by the **User**) granted for the **STTEC Period**;
- (ii) include a revised Appendix C to the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** (as appropriate) which will detail the **STTEC** and the **STTEC Period** for which this applies and **NGC** and the **User** agree that Appendix C to the relevant **Bilateral Agreement** will be deemed to be that notified in accordance with Paragraph 6.31.6 for the **STTEC Period**, unless otherwise amended in accordance with such **Bilateral Agreement** or the **CUSC**. Upon expiry of the **STTEC Period** the provisions in Appendix C that relate to such **STTEC** for that **STTEC Period** shall cease to have effect;
- (iii) state the **STTEC Charge**.

6.31.6.2 The date referred to at Paragraphs 6.31.2.1 and 6.31.3.3 is six weeks before the start date for the **STTEC Period**.

6.31.6.3 The date referred to at Paragraph 6.31.4.6 is four weeks before the start date for the **STTEC Period**.

6.31.6.4 **NGC** may publish the following information in respect of **STTEC Requests** which are granted:-

1. details of the **STTEC Period**;
2. maximum and minimum amount in MW requested;
3. identity of the **User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **NGC** from time to time.

6.31.6.5 **NGC** may publish the following information in respect of **STTEC Requests** which are not granted:-

1. details of the **STTEC Period**;
2. maximum and minimum amount in MW requested,

in such form and manner as shall be prescribed by **NGC** from time to time.

6.31.6.6 The **User** consents to the publication by **NGC** of the information referred to above.

**New Definitions Required:**

"STTEC Request Form"	the form set out in Exhibit P to the <b>CUSC</b>
"STTEC Period"	a period of 28 days commencing on a Monday at 00.00 hours and finishing at 23.59 on a Sunday.
"STTEC Charge"	being a component of the <b>Use of System Charges</b> which is made or levied by <b>NGC</b> and to be paid by the <b>User</b> for <b>STTEC</b> calculated in accordance with the <b>Charging Statements</b> .
"STTEC"	the figure in MW (if any) for the <b>STTEC Period</b> granted by <b>NGC</b> in accordance with Paragraph 6.31 of the <b>CUSC</b> and specified as such in Appendix C of the relevant <b>Bilateral Connection Agreement</b> or <b>Bilateral Embedded Generation Agreement</b> .
"STTEC Request"	a request made by a <b>User</b> in accordance with the terms of Paragraph 6.31 for <b>Short Term Capacity</b> for a <b>STTEC Period</b> .
"Short Term Capacity"	the right to export on to the <b>NGC Transmission System</b> power in accordance with the provisions of <b>CUSC</b> .
"STTEC Request Fee"	the non-refundable fee to be paid by the <b>User</b> to <b>NGC</b> as detailed in the <b>Charging Statements</b> .

**CUSC – EXHIBIT P**

**THE CONNECTION AND USE OF SYSTEM CODE – STTEC REQUEST FORM**

**DIRECTLY CONNECTED POWER STATION**

**EMBEDDED POWER STATION**

**INTERCONNECTOR OWNER**

**DISTRIBUTION INTERCONNECTOR**

**Please study the following notes before completing and signing the STTEC Request Form.**

1. National Grid Company plc ("**NGC**") requires the information requested in this form for the purposes of considering and assessing whether or not to grant your **STTEC Request**. It is essential that the **User** supplies all information requested and provides all the confirmations required and that every effort should be made to ensure that such informations and confirmations are accurate.

Please note the same terms used in this form are defined in the Interpretation in Definitions (contained in Section 11 to the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

2. Where **NGC** considers that any information provided by the **User** is incomplete or unclear then **NGC** will reject the **STTEC Request**.
3. The **User** may not make any change to the information provided.
4. **NGC** shall charge the **User**, and the **User** shall pay to **NGC** the non-refundable **STTEC Request Fee**. The fee will be charged by **NGC** in accordance with the **Charging Statements**. No **STTEC Request** will be considered until such payment has been received.
5. **NGC** will consider the **STTEC Request** in accordance with the terms of Paragraph 6.31 of the **CUSC**.
6. **NGC** may publish certain information in relation to **STTEC Requests** as specified in Paragraph 6.31.6 of **CUSC**.
7. Please complete this form and email it to [ ] and fax it to [ ].

**NGC – REQUEST FOR SHORT TERM CAPACITY**

Please ensure that you have studied the notes before completing and signing this form.

**A. Details of User**

Name:

Address:

Fax No.:

Email Address:

Registered Number:

Name Title and Contact Details (including email address) for the person authorised to deal with this **STTEC Request** for and on behalf of the **User**.

.....

**B. Bilateral Agreement details**

Please detail the **Bilateral Agreement** reference number.

.....

**C. Connection Site**

Please detail the **Connection Site** or site of **Connection** to which the **STTEC Request** relates.

.....

**D. STTEC Period**

Please provide the dates of the **STTEC Period** commencing on a Monday to which the **STTEC Request** relates.

<b>STTEC Period:</b>	<b>From</b>	<b>To</b>
	Must be a Monday	28 days later
28 days	.....	.....

**E. Minimum and Maximum Levels (in whole MW)**

Please provide details of the minimum and maximum level (in whole MW) of **Short Term Capacity** requested.

Minimum	[		] MW (Positive only)
Maximum	[		] MW (Positive only)
		STTEC + TEC ≤ CEC (on a station basis)	



**STTEC REQUEST FORM**

1. We agree to pay the **STTEC Request Fee** on the terms specified in the **Notes** to this **Request Form**.
2. We confirm that the data submissions in respect of the **Connection Site** or site of **Connection** under the **Grid Code** are complete, accurate and up to date.
3. We confirm that our **STTEC Request** for the maximum level of **STTEC** requested plus **Transmission Entry Capacity** (plus any **STTEC** previously granted for the **STTEC Period**) shall not exceed the total station **Connection Entry Capacity**.

Signed for and on behalf of the **User**

.....

## WORKING GROUP ALTERNATIVE AMENDMENT

### **6.31 SHORT TERM TRANSMISSION ENTRY CAPACITY**

#### **6.31.1 Background**

A **User**, who is party to a **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** may make a **STTEC Request** to **NGC** in accordance with this Paragraph of the **CUSC**.

#### **6.31.2 Form of STTEC Request**

- 6.31.2.1 A **STTEC Request** must be received by **NGC** by the relevant date specified in Paragraph 6.31.6.5.
- 6.31.2.2 A **STTEC Request** must be made by email and confirmed by fax and must attach the **STTEC Request Form** duly completed and signed on behalf of the **User**.
- 6.31.2.3 A **STTEC Request** shall not be deemed received by **NGC** until the non-refundable **STTEC Request Fee** has been paid to **NGC** and until the faxed copy of the **STTEC Request** is received in accordance with Paragraph 6.21.2.4 of the **CUSC**.
- 6.31.2.4 The **STTEC Request** must specify whether it is a **Request for a STTEC Authorisation** or an **Application for a STTEC Offer**.
- 6.31.2.5 Each **STTEC Request** must state one **STTEC Period** only.
- 6.31.2.6 A **STTEC Request** must be for a **STTEC Period** within a 12 month period of receipt by **NGC** of the **STTEC Request** and the **STTEC Period** must not include any days within more than one **Financial Year**. The **STTEC Request** must include the minimum and maximum level of MW for the **STTEC Period**.
- 6.31.2.7 In respect of **Power Stations** directly connected to the **NGC Transmission System**, a **User' s Transmission Entry Capacity** plus the maximum figure requested (plus any **STTEC** previously granted for any part of the **STTEC Period**) must not exceed its total station **Connection Entry Capacity**.

#### **6.31.3 Assessment by NGC of STTEC Requests**

- 6.31.3.1 **NGC** may reject any **STTEC Request** that is not made in accordance with the provisions of this Paragraph 6.31.
- 6.31.3.2 **NGC** will assess **STTEC Requests** and whether or not to grant **STTEC Requests** at its absolute discretion.
- 6.31.3.3 **NGC** will start assessing a **STTEC Request** no later than the relevant date specified in Paragraph 6.31.6.5.
- 6.31.3.4 If **NGC** has received more than one **STTEC Request** for a **STTEC Period** with the same start date, **NGC** will:

- (i) assess any **Requests for a STTEC Authorisation** before assessing any **Applications for a STTEC Offer**;
- (ii) assess **Requests for a STTEC Authorisation** on a first come first served basis such that the **Request for a STTEC Authorisation** received earliest in time by **NGC** (as recorded by **NGC**) will be assessed first and then the **Request for a STTEC Authorisation** received next in time after that, and so on;
- (iii) assess **Applications for a STTEC Offer** on a first come first served basis such that the **Application for a STTEC Offer** received earliest in time by **NGC** (as recorded by **NGC**) will be assessed first and then the **Application for a STTEC Offer** received next in time after that, and so on.

6.31.3.5. No priority will be given to any **Users** who have previously made successful **STTEC Requests**.

#### **6.31.4 Notification by NGC**

6.31.4.1 Each **User** confirms and agrees that **NGC** shall have no liability to it for any **STTEC Request** which **NGC** does not grant in accordance with this Paragraph 6.31.

6.31.4.2 **NGC** is not obliged to grant any **STTEC Request** submitted.

6.31.4.3 A **STTEC Request** will only be granted at a level within the maximum and minimum range in MW submitted by the **User**.

6.31.4.4 **STTEC Requests** will be granted for a uniform amount of MW for the **STTEC Period**.

6.31.4.5 No **STTEC Request** will be granted if the maximum figure in the **STTEC Request** would together with the **User's Transmission Entry Capacity** (plus any **STTEC** previously granted for any part of the **STTEC Period**) exceeds the total station **Connection Entry Capacity**.

6.31.4.6 **NGC** shall notify a **User** who has made a **STTEC Request** by no later than the relevant date referred to at Paragraph 6.31.6.6, whether or not **NGC** grants the **User's STTEC Request**.

#### **6.31.5 Charging, Invoicing and Payment**

6.31.5.1 Each **User** must pay the **STTEC Charge** even if the **User** does not use the corresponding **STTEC**.

6.31.5.2 The provisions of Section 3 shall apply in respect of the **STTEC Charge**.

6.31.5.3 The provisions of Section 6.6 shall apply in respect of payment of the **STTEC Charge**.

#### **6.31.6 General**

6.31.6.1 Each **Request for a STTEC Authorisation** will constitute an unconditional and irrevocable offer by the **User** to **NGC** to buy **Short Term Capacity** (on a station basis) up to the quantity (in whole MW) stated in the **STTEC Request** for the **STTEC Period** and at the relevant price per MW set out in the **Statement of Use of System Charges** and upon the terms and conditions of **CUSC**. A **Request for a STTEC Authorisation** is capable of being accepted by **NGC**. Notification by **NGC** that it has granted the **Request for a STTEC Authorisation** in accordance with Paragraph 6.31.4.6 constitutes acceptance by **NGC** of the **Request for a STTEC Authorisation**. The notification of **STTEC Authorisation** will:-

- (i) state the level in MW (within the maximum and minimum range requested by the **User**) granted for the **STTEC Period**;
- (ii) include a revised Appendix C to the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** (as appropriate) which will detail the **STTEC** and the **STTEC Period** for which this applies and **NGC** and the **User** agree that Appendix C to the relevant **Bilateral Agreement** will be deemed to be that notified in accordance with this Paragraph 6.31.6 for the **STTEC Period**, unless otherwise amended in accordance with such **Bilateral Agreement** or the **CUSC**. Upon expiry of the **STTEC Period** the provisions in Appendix C that relate to such **STTEC** for that **STTEC Period** shall cease to have effect;
- (iii) state the **STTEC Charge**.

6.31.6.2 Each **Application for a STTEC Offer** is an application for the right to buy **Short Term Capacity** (on a station basis) up to the quantity (in whole MW) stated in the **STTEC Request** for the **STTEC Period** at the relevant price per MW set out in the **Statement of Use System Charges** and upon the terms and conditions of **CUSC**. Once an **Application for a STTEC Offer** has been received by **NGC** it cannot be withdrawn without the written consent of **NGC**. Notification by **NGC** that it has granted the **Application for a STTEC Offer** in accordance with Paragraph 6.31.4.5 will constitute a **STTEC Offer**.

6.31.6.3 A **STTEC Offer** shall:

- (i) state the level in MW of **STTEC** (within the maximum and minimum range requested by the **User**) offered for the **STTEC Period**;
- (ii) include a revised Appendix C to the relevant **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** (as appropriate) which will detail the **STTEC** and the **STTEC Period** for which this applies and **NGC** and the **User** agree that, if the **User** accepts the **STTEC Offer** in accordance with Paragraph 6.31.6.4, Appendix C to the relevant **Bilateral Agreement** will be deemed to be that notified in accordance with this Paragraph 6.31 for the **STTEC Period**, unless otherwise amended in accordance with such **Bilateral Agreement** or the **CUSC**. Upon expiry of the **STTEC Period** the provisions in Appendix C that relate to such **STTEC** for that **STTEC Period** shall cease to have effect;
- (iii) state the **STTEC Charge**.

(iv) be open for acceptance by the **User** within 24 hours of receipt of the faxed copy of the **STTEC Offer**.

6.31.6.4 A **User** may accept a **STTEC Offer** within 24 hours of receipt of the faxed copy of the **STTEC Offer**. Acceptance of a **STTEC Offer** shall be made by the **User** executing and faxing back the Appendix C sent to the **User** as part of the **STTEC Offer**. A **STTEC Offer** lapses if not accepted within such period.

6.31.6.5 The dates referred to at Paragraphs 6.31.2.1 and 6.31.3.3 are:-

- (i) in the case of a **Request for a STTEC Authorisation**, six weeks before the start date for the **STTEC Period**; and
- (ii) in the case of an **Application for a STTEC Offer**, two weeks before the start date for the **STTEC Period**.

6.31.6.6 The date referred to at Paragraph 6.31.4.6 is:-

- (i) in the case of a **Request for a STTEC Authorisation**, four weeks before the start date for the **STTEC Period**;
- (ii) in the case of an **Application for a STTEC Offer**, seven days before the start date for the **STTEC Period**.

6.31.6.7 **NGC** may publish the following information in respect of **STTEC Authorisations**, and **STTEC Offers** which are accepted:-

1. details of the **STTEC Period**;
2. maximum and minimum amount in MW requested;
3. identity of the **User**;
4. the **Connection Site** or site of **Connection**,

in such form and manner as shall be prescribed by **NGC** from time to time.

6.31.6.8 **NGC** may publish the following information in respect of **Requests for a STTEC Authorisation** and **Applications for a STTEC Offer** which in either case are not granted and **STTEC Offers** which are not accepted:-

1. details of the **STTEC Period**;
2. maximum and minimum amount in MW requested,

in such form and manner as shall be prescribed by **NGC** from time to time.

6.31.6.9 The **User** consents to the publication by **NGC** of the information referred to above.

**New Definitions Required:**

"STTEC Request Form"	the form set out in Exhibit P to the <b>CUSC</b> .
"STTEC Period"	in the case of a <b>STTEC Authorisation</b> , a period of 28 days commencing on a Monday at 00.00 hours and finishing at 23.59 on a Sunday. In the case of a <b>STTEC Offer</b> , a period of either 28, 35, or 42 days (as specified by the <b>User</b> in its <b>STTEC Request Form</b> ) commencing on a Monday at 0.00 hours and finishing at 23.59 on a Sunday.
"STTEC Charge"	being a component of the <b>Use of System Charges</b> which is made or levied by <b>NGC</b> and to be paid by the <b>User</b> for <b>STTEC</b> calculated in accordance with the <b>Charging Statements</b> .
"STTEC"	the figure in MW (if any) for the <b>STTEC Period</b> granted by <b>NGC</b> in accordance with Paragraph 6.31 of the <b>CUSC</b> and specified as such in Appendix C of the relevant <b>Bilateral Connection Agreement</b> or <b>Bilateral Embedded Generation Agreement</b> .
"STTEC Request"	either a <b>Request for a STTEC Authorisation</b> or an <b>Application for a STTEC Offer</b> .
"Short Term Capacity"	the right to export on to the <b>NGC Transmission System</b> power in accordance with the provisions of <b>CUSC</b> .
"STTEC Request Fee"	the non-refundable fee to be paid by the <b>User</b> to <b>NGC</b> as detailed in the <b>Charging Statements</b> .
"Request for a STTEC Authorisation"	a request made by a <b>User</b> in accordance with the terms of Paragraph 6.31 for <b>Short Term Capacity</b> for a <b>STTEC Period</b> .
"STTEC Offer"	an offer made by <b>NGC</b> for <b>Short Term Capacity</b> in accordance with the terms of Paragraphs 6.31.6.2 and 6.31.6.3 in response to an <b>Application for a STTEC Offer</b> .
"Application for a STTEC Offer"	an application made by a <b>User</b> in accordance with the terms of Paragraph 6.31 for <b>Short Term Capacity</b> for a <b>STTEC Period</b> .
"STTEC Authorisation"	the authorisation notified by <b>NGC</b> for <b>Short Term Capacity</b> in accordance with the terms of Paragraph 6.3.1.6.1 in response to a <b>Request for a STTEC Authorisation</b> .

**CUSC – EXHIBIT P**

**THE CONNECTION AND USE OF SYSTEM CODE – STTEC REQUEST FORM**

**DIRECTLY CONNECTED POWER STATION**

**EMBEDDED POWER STATION**

**INTERCONNECTOR OWNER**

**DISTRIBUTION INTERCONNECTOR**

**Please study the following notes before completing and signing the STTEC Request Form.**

1. National Grid Company plc ("**NGC**") requires the information requested in this form for the purposes of considering and assessing whether or not to grant your **STTEC Request**. It is essential that the **User** supplies all information requested and provides all the confirmations required and that every effort should be made to ensure that such informations and confirmations are accurate.

Please note the same terms used in this form are defined in the Interpretation in Definitions (contained in Section 11 to the **CUSC**) and when this occurs the expressions have capital letters at the beginning of each word and are in bold.

2. Where **NGC** considers that any information provided by the **User** is incomplete or unclear then **NGC** will reject the **STTEC Request**.
3. The **User** may not make any change to the information provided.
4. **NGC** shall charge the **User**, and the **User** shall pay to **NGC** the non-refundable **STTEC Request Fee**. The fee will be charged by **NGC** in accordance with the **Charging Statements**. No **STTEC Request** will be considered until such payment has been received.
5. **NGC** will consider the **STTEC Request** in accordance with the terms of Paragraph 6.31 of the **CUSC**.
6. **NGC** may publish certain information in relation to **STTEC Requests** as specified in Paragraph 6.31.6 of **CUSC**.
7. Please complete this form and email it to [ ] and fax it to [ ].



**NGC – REQUEST FOR SHORT TERM CAPACITY**

Please ensure that you have studied the notes before completing and signing this form.

**A. Details of User**

Name:

Address:

Fax No.:

Email Address:

Registered Number:

Name Title and Contact Details (including email address) for the person authorised to deal with this **STTEC Request** for and on behalf of the **User**.

.....

**B. Bilateral Agreement details**

Please detail the **Bilateral Agreement** reference number.

.....

**C. Connection Site**

Please detail the **Connection Site** or site of **Connection** to which the **STTEC Request** relates.

.....

**D. Type of STTEC Request**

Please indicate whether the **STTEC Request** is a **Request for a STTEC Authorisation** or an **Application for a STTEC Offer**.

.....

**E. STTEC Period**

Please provide the dates of the **STTEC Period** commencing on a Monday to which the **STTEC Request** relates.

For a **Request for a STTEC Authorisation**:

<b><u>STTEC Period</u></b>	<b><u>From</u></b>	<b><u>To</u></b>
	Must be a Monday	28 days later
28 days	.....	.....

For an **Application for a STTEC Offer**:

<u>STTEC Period</u>	<u>From</u>	<u>To</u>
No. of Days [28/35/42]	Must be a Monday	[28/35/42] days later
.....	.....	.....

**F. Minimum and Maximum Levels (in whole MW)**

Please provide details of the minimum and maximum level (in whole MW) of **Short Term Capacity** requested.

Minimum [ ] MW (Positive only)

Maximum [ ] MW (Positive only)  
STTEC + TEC  $\leq$  CEC (on a station basis)

**STTEC REQUEST FORM**

1. We agree to pay the **STTEC Request Fee** on the terms specified in the **Notes** to this **Request Form**.
2. We confirm that the data submissions in respect of the **Connection Site** or site of **Connection** under the **Grid Code** are complete, accurate and up to date.
3. We confirm that our **STTEC Request** for the maximum level of **STTEC** requested plus **Transmission Entry Capacity** (plus any **STTEC** previously granted for any part of the **STTEC Period**) shall not exceed the total station **Connection Entry Capacity**.

Signed for and on behalf of the **User**

.....

**CHANGES TO THE OTHER PARTS OF THE CUSC**

*For the avoidance of doubt, the proposed changes are shown in colour marked up against the current version of the CUSC. Coloured underlined text will be inserted, and coloured strikethrough text will be deleted*

**CAP70 changes to other parts of the CUSC**

Changes to Section 2 of the **CUSC** are required as follows:-

2.3 EXPORT OF POWER FROM CONNECTION SITE

2.3.1 Subject to the other provisions of the CUSC, the relevant Bilateral Connection Agreement and the Grid Code, NGC shall, as between NGC and that User, accept into the NGC Transmission System at each Connection Site of a User acting in the category of Power Station directly connected to the NGC Transmission System, power generated by such User up to the Transmission Entry Capacity and (if any) STTEC for the relevant Period as set out in Appendix C of the relevant Bilateral Connection Agreement except to the extent (if any) that NGC is prevented from doing so by transmission constraints which could not be avoided by the exercise of Good Industry Practice by NGC.

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2.3.2 Subject to the other provisions of the CUSC, the relevant Bilateral Connection Agreement and the Grid Code a User acting in the capacity of a Power Station directly connected to the NGC Transmission System shall not export on to the NGC Transmission System power generated by such User in excess of the Transmission Entry Capacity and (if any) STTEC for the relevant Period as set out in Appendix C of the relevant Bilateral Connection Agreement save as expressly permitted or instructed pursuant to an Emergency Instruction under the Grid Code or save as expressly permitted or instructed pursuant to the Fuel Security Code or as may be necessary or expedient in accordance with Good Industry Practice.

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Changes to Section 3 of the **CUSC** are required as follows:-

3.2.3 Transmission Entry Capacity

Other than as provided in Paragraph 3.2.3(b), each User, as between NGC and that User, shall not operate its User's Equipment such that its export of power onto the NGC Transmission System exceeds the Transmission Entry Capacity and (if any) STTEC for the relevant Period set out in Appendix C to the relevant Bilateral Embedded Generation Agreement save as expressly permitted and instructed pursuant to an Emergency Instruction under the Grid Code or save as expressly permitted and instructed pursuant to

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the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

Each **User** in respect of an **Embedded Small Power Station** and a **Distribution Interconnector** and as a **Trading Party** responsible for **Embedded Small Power Stations**, as between **NGC** and that **User**, shall not operate its **User's Equipment** or equipment for which the **User** is responsible (as defined in Section K of the **Balancing and Settlement Code**) such that its export of power onto the NGC Transmission System exceeds the **Transmission Entry Capacity** and (if any) **STTEC for the relevant Period** set out in Appendix C to the relevant **Bilateral Embedded Generation Agreement** save as expressly permitted and instructed pursuant to the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

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3.2.4 Subject to the other provisions of the **CUSC** and the **Grid Code** and any relevant **Bilateral Agreement**, **NGC** shall, as between **NGC** and that **User**, accept into the **NGC Transmission System** power generated by each **User** up to the **Transmission Entry Capacity** and (if any) **STTEC for the relevant Period** set out in Appendix C of the relevant **Bilateral Connection Agreement** except to the extent (if any) that **NGC** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice** by **NGC**.

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3.9.2 Each **User** shall, as between **NGC** and that **User**, in accordance with this Part II and Paragraph 6.6, be liable to pay to **NGC** (or **NGC** shall be so liable to pay to the **User**) the Transmission Network Use of System Charges and (if appropriate) the **STTEC Charge** in respect of its use of the **NGC Transmission System** applied and calculated in accordance with the Statement of Use of System Charges and Statement of the Use of System Charging Methodology.

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Changes to Section 4 of **CUSC** are required as follows:-

4.1.3.7A For the avoidance of doubt a **User** shall ensure that the **Transmission Entry Capacity**, and if relevant the **STTEC**, for the relevant **Connection Site** shall be sufficient to enable it to comply with its obligations under Paragraph 4.1.3.7 above at all times and in respect of all relevant **BM Units**.

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Changes to Section 6 of **CUSC** are required as follows:-

6.6.1 **NGC will invoice** **Users** for **Connection Charges** and/or **Use of System Charges** due under the **CUSC** and/or each **Bilateral Agreement** and/or as notified to the **User** where there is

no Bilateral Agreement, in accordance with the CUSC and/or the Charging Statements in the following manner:

(a) in the case of recurrent monthly charges identified in the relevant Charging Statements NGC shall despatch an invoice on or before the 15th day of the month for the charges due in relation to that month;

(b) in the case of the STTEC Charge NGC shall invoice the User on or before the 15th day of the month for the full STTEC Charge;

(c) unless otherwise specified in the CUSC where charges are payable other than monthly NGC shall despatch an invoice not less than 30 days prior to the due date for payment.

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6.6.2 Users shall pay Connection Charges and/or Use of System Charges due to NGC under the CUSC and/or each Bilateral Agreement and/or as otherwise notified to the User where there is no Bilateral Agreement, in accordance with the CUSC and/or the Charging Statements in the following manner:

(a) in the case of recurrent monthly charges and the STTEC Charge on the 15th day of the month in which NGC's invoice therefor was despatched (if despatched on the first day of that month) or, in all other cases, on the 15th day of the month following the month in which NGC's invoice therefor was despatched unless, in any such case, the said date is not a Business Day in which case payment shall be made on the next Business Day;

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(b) unless otherwise specified in the CUSC where charges are payable other than monthly within 30 days of the date of NGC's invoice therefor.

Changes to Section 9 of the CUSC are required as follows:-

9.4 EXPORT OF POWER FROM THE INTERCONNECTOR CONNECTION SITE

Subject to the other provisions of the CUSC, the relevant **Bilateral Connection Agreement** and the **Grid Code** and any **Operating Agreement**, NGC shall accept into the **NGC Transmission System** at the **Connection Site** of an **Interconnector** power up to the **Transmission Entry Capacity** and (if any) STTEC for the relevant

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**Period** as specified in Appendix C to the relevant **Bilateral Connection Agreement** except to the extent (if any) that **NGC** is prevented from doing so by transmission constraints which could not be avoided by the exercise of **Good Industry Practice**.

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9.6 The **User** shall not permit the transfer of any amount of electricity onto the **NGC Transmission System** in excess of the **Transmission Entry Capacity** and (if any) **STTEC for the relevant Period** specified in Appendix C to the relevant **Bilateral Connection Agreement** or permit the taking of any amounts of electricity off the **NGC Transmission System** in excess of the value as specified in Appendix C to the relevant **Bilateral Connection Agreement** save as expressly permitted or instructed pursuant to an **Emergency Instruction** under the **Grid Code** or save as expressly permitted pursuant to any **Operating Agreement** or the **Fuel Security Code** or as may be necessary or expedient in accordance with **Good Industry Practice**.

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9.10.1 **Subject to the provisions of the CUSC, and any relevant Bilateral Agreement, together with the relevant Charging Statements, the User shall with effect from the relevant date set out in the relevant Bilateral Agreement, be liable to pay to NGC the Transmission Network Use of System Charges and (if appropriate) the STTEC Charge in accordance with the CUSC calculated in accordance with the Statement of Use of System Charges and the Statement of the Use of System Charging Methodology. NGC shall apply and calculate the Use of System Charges in accordance with the Statement of Use of System Charges and the Statement of the Use of System Charging Methodology.**

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### Annex 3: Amendment Proposal Form

<b>CUSC AMENDMENT PROPOSAL FORM</b>	<b>CAP:070</b>
<b>Title of Amendment Proposal:</b> Short Term Firm Access Service	
<b>Description of the Proposed Amendment</b> ( <i>mandatory by proposer</i> ):  It is proposed to introduce amendments to the Transmission Access arrangements for effect beginning the winter of 2004/5. The proposed changes would introduce a short term finite firm access service on the electricity transmission system.  The short-term firm product would be available such that Users can request a short term increased TEC, otherwise known as Short Term Transmission Entry Capacity (STTEC), which would nominally be available for a period of four weeks duration. Users can request the STTEC not less than six weeks prior to the period of use and NGT will confirm at four weeks ahead of use whether the request has been successful. If the request is authorised by NGT the Users can generate against this access right on a firm basis. A charging methodology will be required to support the product which could be based on sub-annual TNUoS. For instance, four weeks STTEC could attract a proportion of the applicable annual TNUoS rate.  A more detailed description of the proposal is attached.	
<b>Description of Issue or Defect that Proposed Amendment seeks to Address</b> ( <i>mandatory by proposer</i> ):  Circumstances may arise where it is considered beneficial, both commercially for the respective parties and to enhance system security, to generate in excess of evergreen (long term) TEC. However, at present generators can only generate in excess of their TEC under emergency instruction. Users can apply to increase their TEC at any time in the year but if the application is granted the additional TEC will confer long term rights and would attract annual TNUoS charges.  In order to lower any potential barrier to entry for short term use of capacity and enhance system security it is proposed to introduce a short-term firm finite access product such that generators, subject to NGT authorisation, are able to generate above their existing evergreen TEC on a short-term basis. The product should enable Users to generate for sub-annual periods without necessarily incurring annual TNUoS charges and therefore may provide an incentive for otherwise unavailable plant to generate. The product could also provide a means to utilise capacity which may otherwise have been unavailable under the existing access arrangements whilst using existing transmission assets.	
<b>Impact on the CUSC</b> ( <i>this should be given where possible</i> ):  It is anticipated that the above changes will impact on Sections 2,3,5,6,9,11	
<b>Impact on Core Industry Documentation</b> ( <i>this should be given where possible</i> ):  The changes may impact on the Grid Code.  Although not a core industry document, the above changes will impact on NGT's Use of System Charging Methodology	

<p><b>Impact on Computer Systems and Processes used by CUSC Parties</b> <i>(this should be given where possible):</i></p> <p>The Charging &amp; Billing System will be impacted.</p>
<p><b>Details of any Related Modifications to Other Industry Codes</b> <i>(where known):</i></p> <p>CAP068: Competing Requests for TEC</p>
<p><b>Justification for Proposed Amendment with Reference to Applicable CUSC Objectives**</b> <i>(mandatory by proposer):</i></p> <p>Promoting more efficient use of the transmission system enables National Grid to more easily and efficiently discharge its obligations under the Act and the Transmission Licence and fulfil its obligations to facilitate competition in the generation and supply of electricity.</p>

<p><b>Details of Proposer:</b> Organisation's Name:</p>	National Grid
<p><b>Capacity in which the Amendment is being proposed:</b> (i.e. CUSC Party, BSC Party or "energywatch")</p>	CUSC Party
<p><b>Details of Proposer's Representative:</b> Name: Organisation: Telephone Number: Email Address:</p>	<p>Andy Balkwill National Grid Transco 01926 655998 <a href="mailto:andy.balkwill@ngtuk.com">andy.balkwill@ngtuk.com</a></p>
<p><b>Details of Representative's Alternate:</b> Name: Organisation: Telephone Number: Email Address:</p>	<p>Russell Cooper National Grid Transco 01926 656144 russell.cooper@ngtuk.com</p>
<p><b>Attachments (Yes/No):</b> Yes <b>If Yes, Title and No. of pages of each Attachment:</b> Detailed Description of the Proposal for a Short Term Firm Access Service</p>	

**Notes:**

- Those wishing to propose an Amendment to the CUSC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 8.15 of the CUSC. The form seeks to ascertain details about the Amendment Proposal so that the Amendments Panel can determine more clearly whether the proposal should be considered by a Working Group or go straight to wider National Grid Consultation.
- The Panel Secretary will check that the form has been completed, in accordance with the requirements of the CUSC, prior to submitting it to the Panel. If the Panel Secretary accepts the Amendment Proposal form as complete, then he will write back to the Proposer informing him of the reference number for the Amendment Proposal and the date on which the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, then he may reject the Proposal. The Panel

Secretary will inform the Proposer of the rejection and report the matter to the Panel at their next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform the Proposer.

The completed form should be returned to:

Richard Dunn  
Panel Secretary  
Commercial Development  
National Grid Company plc  
National Grid House  
Kirby Corner Road  
Coventry, CV4 8JY  
Or via e-mail to: [CUSC.Team@uk.ngrid.com](mailto:CUSC.Team@uk.ngrid.com)

(Participants submitting this form by email will need to send a statement to the effect that the proposer acknowledges that on acceptance of the proposal for consideration by the Amendments Panel, a proposer which is not a CUSC Party shall grant a licence in accordance with Paragraph 8.15.7 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

3. Applicable CUSC Objectives\*\* - These are defined within the National Grid Company Transmission Licence under Section C7F, paragraph 15. Reference should be made to this section when considering a proposed amendment.

## Detailed Description of the Proposal for a Short Term Firm Access Service

### 1. Introduction

- 1.1. NGC has accepted a commitment, described in Ofgem's final SO proposals for 2003/4, to review the firm access rights to Transmission Entry Capacity (TEC) on the electricity transmission system
- 1.2. At present a breach of TEC is a breach of CUSC and also a breach of the Generator's licence. It is not a Breach of CUSC if a breach of TEC occurs under an Emergency Instruction.
- 1.3. Circumstances may arise where it is considered beneficial, both commercially for the respective parties and the end consumer and to enhance system security, for generators to increase their access to the system. The present process only allows for an evergreen right for any increase in TEC, whereas, in these circumstances, a short term increase may be appropriate.
- 1.4. In order to address these circumstances, and for the purposes of wider system benefits and to facilitate the return to service of otherwise unavailable plant, it is proposed to introduce a short term firm access product such that generators are able to request a short term increased TEC, otherwise known as Short Term Transmission Entry Capacity (STTEC).
- 1.5. The short term firm product is being developed such that Users can request STTEC not less than six weeks ahead of the period of use and NGT will confirm at four weeks ahead of use whether the request has been successful. Requests can be on a rolling basis i.e. Users can request capacity for any four week period (beginning on a Monday) provided that the request is made at least six weeks ahead of use. Requests will be assessed on a first come first served basis. If NGT authorises the request Users may generate against this access right on a firm basis for the authorised period.
- 1.6. It is anticipated that this service will be available beginning the winter 2004/5.

## 2. Definition

- 1.7. Short Term Transmission Entry Capacity (STTEC) will be available for a period of four weeks, the period starting on a Monday
- 1.8. The request will be ahead of the period of use i.e. at least six weeks notice is required ahead of the requested start date and will allow 10 Business Days for the assessment of requests
- 1.9. Users can request STTEC in any four week period subject to the notice periods and provided that the period does not straddle the start of the annual TNUoS charging period (1 April)
- 1.10. The short term product, consistent with CAP043, shall be deemed firm for the nominated period
- 1.11. Users will not have any prevailing rights i.e. requests will be considered, and if appropriate, authorised on a case by case basis with no rights carrying over from previous authorised requests
- 1.12. Users must have the appropriate level of CEC<sup>1</sup>
- 1.13. TEC plus STTEC shall not exceed total station CEC (or equivalent for Interconnectors)
- 1.14. Users will request the service and NGT shall consider and if appropriate authorise the request in accordance with procedures determined by NGT
- 1.15. Users will only have a right to the service if authorised by NGT having considered system capability [given operational considerations and the Security and Quality of Supply Standards]
- 1.16. Users shall indicate the minimum and maximum level of STTEC (at a station level) in MW that is requested (see Section 4)
- 1.17. The level (maximum and minimum) of STTEC that is requested shall be a uniform amount for the entire four week period
- 1.18. Requests will be assessed on a first come first served basis (see 4.6)
- 1.19. Users will not receive compensation if the request to buy the STTEC is not granted
- 1.20. Payment for STTEC will be required regardless of actual use.
- 1.21. Generation volumes above the sum of TEC and STTEC will be in breach of CUSC.

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<sup>1</sup> Embedded generators must have the relevant connection capability with the distribution network operator

## **2. Requests**

- 2.1. Requests for STTEC shall be not less than six weeks ahead of the start of the period of use
- 2.2. Requests will be to the Customer Agreements Manager, NGT via e-mail (to an e-mail box address)
- 2.3. Provided requests for STTEC has been in accordance with the relevant provisions NGT will confirm and authorise the request, if appropriate, no later than four weeks prior to the start of the period of use
- 2.4. Requests shall be subject to an administration fee
- 2.5. If the request is not authorised the fee shall not be refundable

## **3. Authorisation Process**

- 3.1. NGT will consider the request against the available system capability given operational considerations and obligations under the Security and Quality of Supply Standards
- 3.2. The requests for STTEC will be authorised at a level at or above the minimum indicated level of STTEC requested and at or below the maximum level indicated level of STTEC requested. Subject to the maximum level of STTEC requested NGT will aim to give the highest level possible subject to system capability.
- 3.3. Requests that are authorised shall be at a uniform amount for the entire four week period
- 3.4. STTEC shall not be authorised if the amount of STTEC that could be authorised is less than the minimum level of STTEC requested
- 3.5. No request for STTEC will be considered if the request leads to total TEC plus STTEC exceeding total station CEC
- 3.6. Requests will be assessed on a first come first served basis i.e. the requests for a four week period starting on the earliest date will be considered first. Where there is more than one request for the same four week period, requests submitted at the earliest time will be considered first.
- 3.7. Provided the other provisions are met NGT will provide a response by e-mail to the User no later than four weeks ahead of the period of use.
- 3.8. Information on the applications received and the level of STTEC authorised will be published 4 weeks ahead of the period of use after the Users have been notified

#### **4. Charging**

- 4.1. A charge for the STTEC will be determined by a charging methodology.
- 4.2. The proposed charge rate may be based on a sub-annual TNUoS charge, for instance the charge for four weeks STTEC could be a proportion of the applicable annual zonal TNUoS charge.
- 4.3. For example, previous analysis in charging modification (UoSCM-M-11) showed that 90% of the annual charge was attributed to the peak capacity period. If the peak period is considered as November to February (consistent with the period that the triad demand can occur), a period of 18 weeks, then a charge for 20% for the four week period could be reasonable given that we would expect that the product is most likely to be used in this period. However, this would be subject to a separate charging consultation process which will run in parallel with the CUSC amendment process.
- 4.4. The proposed approach for determination of transmission charges for short term firm access will only apply for BM units in positive charging zones. A zero price for the product may apply in negative charging zones.
- 4.5. An administration fee for requests will apply which will be set on a broadly cost reflective basis

#### **5. Billing**

- 5.1. The chargeable quantity of STTEC will be the level of STTEC authorised by NGT and notified to the User.

#### Annex 4: Firmness issues with STTEC

##### Assumptions

1. 2 weeks required to carry out analysis (this is a generic timescales and it is accepted that for some generators that this timescale can be reduced)
2. Analysis needs to be on a known baseline to achieve above

##### Worked Example

###### Offer Firm on Generator

	Application 1	Application 2	Application 3
Week 6	Applies / Analysis commences	Applies / Analysis commences (baseline including Application 1)	
Week 5	Analysis Completed	Analysis Completed	Applies / Analysis commences (baseline including Application 1 and 2)
Week 4	<b>Accepted by NGT</b>	Rejected by NGT as Application 1 takes precedence	Analysis Completed
Week 3			<b>Accepted by NGT</b>

In this example Application 1 and 3 are accepted.

###### Offer can be Accepted Rejected by Generator

	Application 1	Application 2	Application 3
Week 6	Applies / Analysis commences	Applies / Analysis commences (baseline including Application 1)	
Week 5	Analysis Completed	Analysis Completed	Applies / Analysis commences (baseline including Application 1 and 2)
Week 4	Accepted by NGT	Rejected by NGT as Application 1 takes precedence	Analysis Completed
Week 3	Rejected by Generator		Accepted by NGT
Week 2			<b>Accepted by Generator</b>

In this example only Application 3 are accepted, however application 2 may be able to be accommodated but analysis timescales precluded this option due to assumption 2.

##### Issues

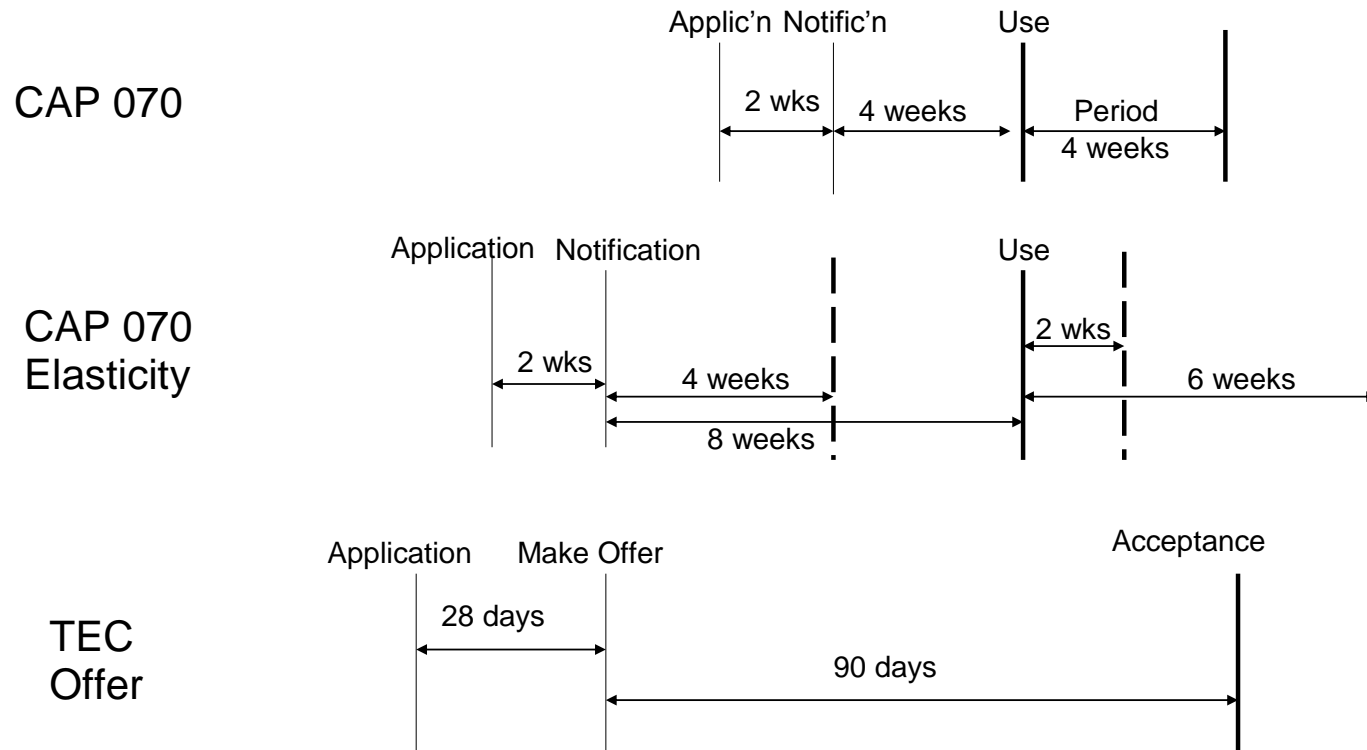
If the 2 week turnaround is to be met for all generators the baseline needs to be known. If the STTEC process allows the option of an acceptance / rejection by the generator, then assumptions will have to be made (usual a default of acceptance) to allow the analysis to be carried out. It is expected that most applications will be accepted and the above example will be unusual, therefore this may be accepted by the working group as a possible scenario but the risk of blocking applications needs to be noted.

Any alternative is to allow for some form of interactive offers to generators. This may involve significantly more analysis to determine the nature of the interaction and is likely to add a



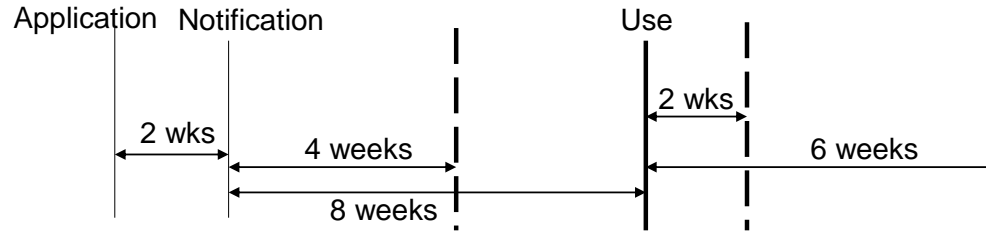
further 1-2 weeks to the process, requiring applications to be submitted approximately 8 weeks ahead.

Annex 5: CAP070 - Elasticity

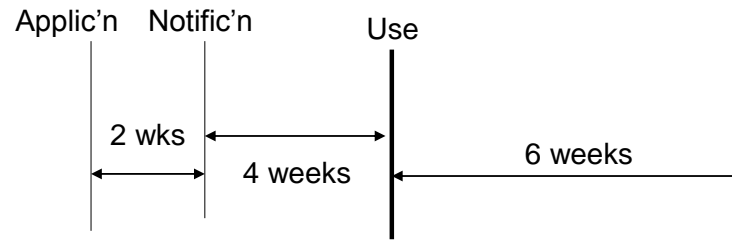


Annex 5 CAP070 – Elasticity (continued)

CAP 070  
Elasticity



CAP 070  
Period 6 wks



CAP 070  
Period 2 wks

