Position paper BSSG – Annexes

Annexes

April 2012

Contents

About this document

This document forms the Annex to the BSSG Position paper.

Annex 1 – Consultation Document (published on 23rd September 2011)

This section contains the consultation document, published on the 23rd September 2011.

nationalgrid

Industry Consultation

Consultation on the compensation methodology for loss of transmission access

The Balancing Services Standing Group (BSSG) has reviewed the compensation arrangements for loss of generator access to the transmission system. This consultation document contains a summary of the issues discussed at the BSSG and seeks industry views on the potential changes to the existing compensation arrangements.

This document is open for Industry Consultation. Any interested party is able to make a response in line with the guidance set out in Section 5 of this document.

Published on:	**23rd September 2011**
Length of Consultation:	**20 Working Days**
Responses by:	**21st October 2011**

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Any Questions?

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About this document

The Balancing Services Standing Group (BSSG), established under the governance of the Connection and Use of System (CUSC) Panel has discussed the compensation arrangements for loss of transmission access. Some members of the BSSG have stated it is appropriate to amend the compensation arrangements in light of the experience gained from the operation of the current compensation schemes.

This consultation requests interested parties for their views on a number of specific points discussed by the BSSG. Following receipt of responses to this consultation, a report will be produced by the BSSG with appropriate conclusions and recommendations. This report could be used as the basis for developing any CUSC modification proposals to incorporate any recommendations.

1 Executive Summary

The BSSG (Balancing Services Standing Group) is an industry group set up under the governance of the CUSC Panel to provide a focal point for discussions relating to balancing services as well as other areas of industry interest.

One area the BSSG has discussed is the compensation payable to generators for loss of transmission access. Generators are currently compensated for loss of transmission access under CAP48[1] and CAP144[2]. CAP48 covers compensation for notified and eligible unplanned loss of access whereas CAP144 covers payments for de-synchronisation under emergency de-energisation instructions.

This consultation requests industry views on a number of specific areas discussed by the BSSG which include:

1. Alignment of CAP48 and CAP144 compensation schemes
2. Types of access loss eligible for compensation
3. Potential changes to the existing compensation schemes
    a) Duration of initial compensation period
    b) Compensation following restoration of access
    c) Appropriateness of TNUoS-based compensation
    d) Compensation over and above the existing levels
    e) Comparison of potential changes to compensation schemes
4. Recovery of costs by National Grid
5. Obligations on both users to raise a claim and National Grid to investigate a claim within a defined period

Following receipt of responses to this consultation, a report will be produced by the BSSG with appropriate conclusions and recommendations. This report could be used as the basis for developing any CUSC modification proposals to incorporate any recommendations.

How to Respond

The consultation questions listed in Section 3 of this document are summarised in a proforma in Appendix F. Please complete the proforma in Appendix F and send your responses to tariq.hakeem@uk.ngrid.com by 21st October 2011.

Document Structure

The remainder of the document is structured as follows:

Section 2 - This section provides description of the existing compensation arrangements for loss of transmission access.

Section 3 - This section summarises the issues discussed at the BSSG, including details of the consultation questions.

Section 4 – This section provides details of how to respond to the consultation

Section 5 - This section provides details of the next steps in the consultation process

Sections 6-11 – Appendices A to F

BSSG

The BSSG meets every 4-6 weeks, membership is open to interested industry parties. Details of the BSSG and meeting documentation can be viewed using the following link:

http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/bssg/index.htm

[1] CAP48 - Firm Access and Temporary Physical Disconnection

[2] CAP144 – Emergency Instruction to Emergency De-energise

2 Introduction

The BSSG (Balancing Services Standing Group) is an industry group set up under the governance of the CUSC Panel to provide a focal point for discussions relating to balancing services as well as other areas of industry interest.

One area the BSSG has discussed is the compensation payable to generators for loss of transmission access. Generators are currently compensated for loss of transmission access under CAP48[3] (Temporary Physical Disconnection[4]) and CAP144[5] (Emergency De-energisation[6]). CAP48 covers compensation for notified and eligible unplanned loss of access whereas CAP144 covers payments for de-synchronisation under emergency de-energisation instructions. More detailed information on these two modifications and other related modifications is given in Appendix C.

The compensation amount depends on the level of notice period for loss of transmission access. Table 1[7] shows a summary of the compensation payable for Temporary Physical Disconnections and Emergency De-energisations for notified and unplanned loss of access.

Table 1

Notice	**CAP48** ***Temporary Physical Disconnection***	**CAP144** ***Emergency De-energisation***
Day Ahead by 16:00	Refund of TNUoS[8] charges for each day or part day	Not applicable to notified loss of access
Day Ahead after 16:00	MIP[9] for impacted MW during the first 24 hours followed by a rebate of TNUoS charges for each day or part day	Not applicable to notified loss of access
Unplanned (tripped)	MIP for impacted MW during the first 24 hours, followed by a rebate of TNUoS charges for each day or part day	SBP[10] for impacted MW during the BM Window, followed by MIP for up to the first 24 hours, then rebate of TNUoS charges for each day or part day

It may be observed from Table 1 that, whilst Emergency De-energisation is not relevant to planned loss of access, the two compensation schemes are similar for

[3] CAP48 - Firm Access and Temporary Physical Disconnection
[4] In sections 2 and 3 this term is used when referring to CAP48
[5] CAP144 – Emergency Instruction to Emergency De-energise
[6] In sections 2 and 3 this term is used when referring to CAP144
[7] The calculations for compensation payments can be found under the definition of **'Interruption Payment'** in CUSC section 11
[8] Transmission Network Use of System
[9] Market Index Price
[10] System Buy Price

unplanned loss of access with the main difference being the compensation level immediately after the loss of access.

Since implementation of Temporary Physical Disconnection (CAP48, effective from 1 April 2004) and Emergency De-energisation (CAP144, effective from 27 June 2008), the total compensation paid by National Grid for loss of transmission access is £1.6m[11]. This cost has resulted from six eligible compensation claims; these are detailed in Appendix B. Five of the six claims related to an inability to export, one related to the interruption of station demand which resulted in an inability to generate. The majority of the costs have been incurred have been incurred since 2008.

The Balancing Services Standing Group (BSSG), established under the governance of the CUSC[12] Panel, has carried out a review of the existing compensation arrangements outlined above with a view to improving these arrangements.

This consultation document provides details of the review carried out by the BSSG and outlines how the current compensation arrangements for loss of transmission access could be improved.

3 Key areas of loss of transmission access[13] and compensation arrangements

The main areas of loss of transmission access and compensation arrangements discussed by the BSSG can be summarised as follows:

1. Alignment of Temporary Physical Disconnections and Emergency De-energisation compensation schemes
2. Types of access loss eligible for compensation
3. Potential changes to the existing compensation schemes
    a) Duration of initial compensation period
    b) Compensation following restoration of access
    c) Appropriateness of TNUoS-based compensation
    d) Compensation over and above the existing levels
    e) Comparison of potential changes to compensation schemes
4. Recovery of costs by National Grid
5. Obligations on both users to raise a claim and National Grid to investigate a claim within a defined period

The subsections below discuss each of the items listed above in more detail.

[11] This cost of £1.6m was incurred under CAP48; no compensation has been paid to date under CAP144.

[12] Connection and Use of System Code

[13] In the remainder of this document, the term 'loss of transmission access' is interchangeably used with the term 'interruption'.

3.1 Alignment of Temporary Physical Disconnection and Emergency De-energisation compensation schemes

As stated in section 2, the compensation for an eligible unplanned loss of access for Temporary Physical Disconnection is similar to the compensation for Emergency De-energisation. The main difference between the two compensation schemes is that, under Emergency De-energisation, compensation is payable up to the BM window using SBP rather than MIP.

The use of SBP is intended to address exposure to imbalance cashout prices which could be higher than MIP. This may be a particular issue for periods, immediately after the disconnection for which, the affected party is unable to trade out its position (i.e up to the BM window). However, the BSSG considered that, for consistency, the Temporary Physical Disconnection compensation scheme for unplanned access loss could be aligned with the Emergency De-energisation scheme such that any unplanned access loss is initially (i.e. up to the BM window) compensated at SBP. This alignment would ensure that the compensation arrangements for unplanned loss of access reflect users' exposure to imbalance prices.

Consultation Question 1
Do you think Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144) compensation, such that the compensation up to the BM Window is paid at System Buy Price (SBP) rather than Market Index Price (MIP)?

3.2 Types of access loss eligible for compensation

The eligibility for compensation resulting from loss of transmission access is based on the CUSC definition of Interruption and other related terms (Appendix D[14]). A party who suffers a ***Relevant Interruption*** is eligible for compensation; this is essentially an interruption in which a BM Unit is de-energised solely due to an issue on the National Electricity Transmission System.

In some instances, an interruption or inability to generate, whilst precipitated by the de-energisation of plant or apparatus forming part of the National Electricity Transmission System, is nonetheless in part due to the configuration of the user's plant and apparatus at the time. A different User, with an alternative internal power station configuration, may not be impacted in similar circumstances yet both configurations may be equally valid ways of operation.

There is therefore a question of the extent to which such events are 'solely' due to an issue on the transmission system and whether a generator's configuration should be taken into account in determining if they are eligible for compensation. The BSSG discussed ways to capture these types of disconnections within the scope of CAP48. Discussions focussed on subjecting claims to a 'reasonable and

[14] Appendix D provides definition of Interruption and other related terms, namely, Relevant Interruption and Allowed Interruption.

prudent' or 'good industry practise' test. Under this proposed methodology the initial trigger would still be a fault/issue on the National Electricity Transmission System with the generator being eligible if a disconnection arose whilst operating in a reasonable and prudent manner or to good industry practise.

The validity of a claim may be determined by the following steps:

a) Is the initial cause /reason / inability to generate a fault / issue on the National Electricity Transmission System?
b) Could the inability to generate have been avoided by a reasonable and prudent generator?

The BSSG also discussed events which should not be compensated under CAP48. Total or Partial Shutdowns are excluded from compensation, however, there may be instances in which part of the system becomes islanded without the declaration of a partial shutdown with generation in the island desynchronising either instantaneously or after a period of time. Some members of the BSSG felt that as islanding would potentially affect multiple sites at different geographical locations and more than one power station would be impacted by this type of event, this should also be excluded from CAP48 compensation.

Discussions also focussed on the most appropriate party to make a decision on the validity of a compensation claim, this is discussed further in section 3.5.

Consultation Question 2
Do you think the scope of Temporary Physical Disconnection compensation should be expanded to include situations where disconnection is, in part, down to a users internal station configuration? Please provide rationale.

Consultation Question 3
Do you think islanding, impacting multiple sites at different geographical locations, when a partial system shutdown has not been declared should be excluded from loss of access compensation? Please provide rationale.

3.3 Potential changes to the existing compensation schemes

This section outlines potential changes to the existing compensations discussed by the BSSG, and provides an example of the relevant level of likely compensation under modified compensation schemes.

3.3.1 Duration of initial compensation period

Compensation for an unplanned loss of access for the initial 24 hours is currently paid at Market Index Price (MIP) for the MW impacted. The use of MIP is intended to cover a user's imbalance exposure resulting from loss of transmission access.

Some members of the BSSG suggested that, given the uncertainty over the duration of loss of access, the imbalance exposure could continue beyond this period. For example, a user may be unable to trade out their physical position,

until a full assessment of the fault and likely duration of disconnection is known. For this reason, some members of the BSSG considered that the initial period should be extended to 36 hours.

Consultation Question 4
Do you think an initial compensation period of up to 24 hours for transmission access loss is sufficient? Please provide rationale.

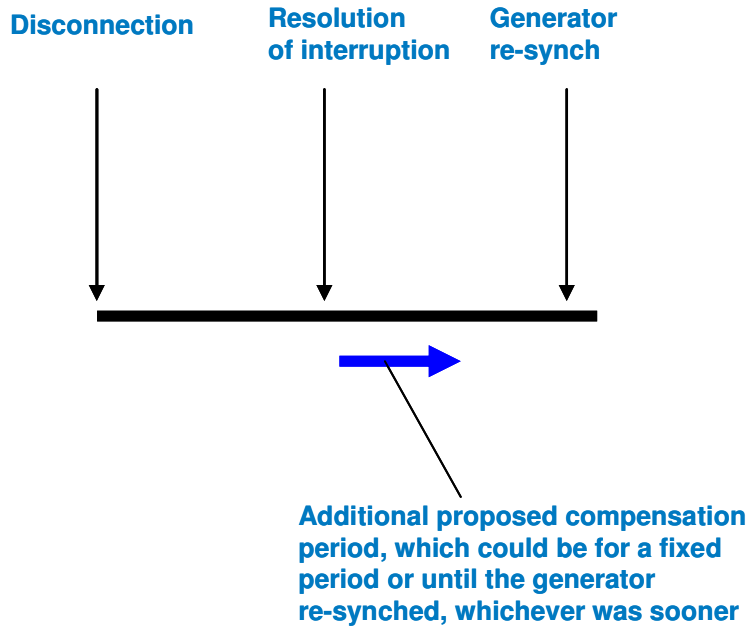
Consultation Question 5
Do you think an initial compensation period of up to 36 hours for transmission access loss would be more appropriate? Please provide rationale.

3.3.2 Compensation following restoration of access

Compensation for an unplanned loss of access applies for the period over which the user does not have access to the transmission system. Once access has been restored, compensation ceases. Consequently, no compensation is payable for the re-synchronisation period. Furthermore, the re-synchronisation times after restoration of access are likely to vary according to plant type, with some plant requiring longer than other plant type.

BSSG discussed whether compensation should be payable for an additional period after restoration of access. The compensation for this additional period could either apply to all plant types or it could be specific to plant type. The level of compensation could be based on the MIP. Figure 1 illustrates the proposal.

Figure 1



Consultation Question 6
Do you think an additional compensation period following restoration of transmission access is appropriate? Please provide rationale.

Consultation Question 7
Do you think the additional period should be technology or non-technology specific (e.g. same compensation periods for wind and nuclear plants)? Please provide rationale.

3.3.3 Appropriateness of TNUoS-based compensation

A key element of the compensation schemes for both notified and unplanned loss of access is the rebate of TNUoS charges. The rebate of TNUoS charges is currently based on the higher of the actual TNUoS charge (for an affected user) or the average TNUoS charge (Total TNUoS income from generators / Total Transmission Entry Capacity).

Some BSSG members have suggested that limiting compensation to a refund of TNUoS charges does not reflect the disruption caused by loss of access. An alternative compensation method considered by the BSSG is based on the LDTEC[15] charges which carry a premium[16]. Some BSSG members have suggested that as a user is required to purchase short term Transmission Entry Capacity at a premium, the short term loss of access should also be compensated using a similar premium mechanism. The key features of this alternative could be:

- Loss of access is compensated at the higher of the LDTEC tariff[17] using site or average TNUoS charges;
- The LDTEC tariff could be payable for a maximum of 120 days; after this point, the LDTEC tariff could reduce to the TNUoS charge;
- The total annual compensation is capped at the site annual TNUoS charge or average annual TNUoS charge.

LDTEC tariffs would recover 90% of a sites annual TNUoS charge over 120 days. On a daily basis or for individual settlement periods LDTEC tariffs are 274% higher than TNUoS tariffs.

Consultation Question 8
Do you think that the current compensation based on the higher of average or actual TNUoS charges is appropriate? Please provide rationale.

Consultation Question 9
Do you think that the compensation for access loss should be based on Limited Duration Transmission Entry Capacity (LDTEC) rather than the TNUoS rate? Please provide rationale.

[15] Limited Duration Transmission Entry Capacity
[16] Aggregate LDTEC charges (high rate) recover 90% of the annual TNUoS charge. The LDTEC tariff (£/kW/week) is equal to the TNUoS tariff (£/kW) for a given generation zone x 0.9 x 7 / 120.
[17] See Appendix C, Section 8.4

3.3.4 Compensation over and above the existing levels

Some members of the BSSG considered the existing level of compensation to be insufficient to cover ongoing uncertainty for extended loss of access, and suggested the introduction of additional compensation over and above the existing compensation schemes. One option considered by the BSSG is the introduction of a flat weekly payment for each full seven day period of access loss; the weekly payment rate could, for example, be set at £100 /MW (i.e. £100 per week for each MW affected by the access loss). This compensation could be limited to 4 weeks.

Consultation Question 10
Do you think that additional compensation for loss of access (e.g. flat weekly rate) should be paid over and above the existing compensation levels? Please provide rationale.

Consultation Question 11
a) Do you think that £100/MW/Week for each full 7 day period of access loss is appropriate?
b) Do you think that the compensation rate in Q11 (a) should be limited to 4 weeks?
c) Do you feel other values/timescales (other than those in mentioned in questions 11a and 11b) would be more appropriate? Please provide rationale.

3.3.5 Comparison of potential changes to compensation schemes

The potential changes considered in sections 3.3.1 to section 3.3.4 are likely to change the total amount of payable compensation. This can be demonstrated using an example based on the following assumptions:

Affected generation volume: 500MW
Duration of loss of access: 1st March – 10th March 2011 (inclusive)
TNUoS Tariff: £5/kW (£5000/MW)
Market Index Price (MIP): Varies with Settlement Period
Additional compensation following period following restoration of access = 3 hours

Detailed calculations for the above example are shown in Appendix E.

Table 2 summarises the level of compensation that would be paid under the existing and revised (if implemented) arrangements.

Table 2

Reference Section	Proposal	Current Scheme		New Schemes	
3.3.1	Initial Compensation	£575,645	(24 Hours)	£848,983	(36 Hours)
3.3.2	Rebate of TNUoS/LDTEC	£61,644	(TNUoS)	£168,750	(LDTEC)
3.3.3	£100/MW for each 7 day disconnection period	n/a		£50,000	*
3.3.4	Compensation following restoration of access	n/a		£64,295	**
	Total	**£637,289**		**£1,132,028**	

* One 7 day period of disconnection
** compensation based on MIP for an additional three hours

It can be seen from Table 2 that, for each potential change, the level of compensation under the new arrangements is higher than the level under the existing arrangements. Furthermore, if all the potential changes were implemented the level of compensation paid would almost double. Section 3.2 discuses the expansion of scope of loss of access compensation, if this was to be implemented this may result in the increase in the number of valid claims.

3.4 Recovery of costs by National Grid

National Grid currently recovers the costs associated with compensation payments for access loss via TNUoS charges. These costs are recovered from users on a pass-through basis. As stated in section 2, the total costs incurred (and recovered) since implementation of CAP48 and CAP144 are £1.6m. This value represents 0.08% of the total TNUoS charge (£1,918m) recovered over the same period (2004/05 – 2009/10). Less than 0.2TWh of access loss has been compensated through these claims; this represents the energy value for period(s) compensated, although generators may have been off the system for longer periods (due to delays in re-synchronisation).

At present, there is no incentive on Transmission Owners to minimise the loss of transmission access and the related costs. However, there is a Transmission Network Reliability Incentive (TNRI) under which National Grid is incentivised to outperform a dead-band for unsupplied volume. Under this incentive, National Grid could lose up to 1.5% (or gain up to 1%) of maximum allowed revenue. For 2010/11 there was a dead-band between 237MWh and 263MWh, unsupplied volumes below 237MWh resulted in gain on the incentive (max gain £13.1m) with unsupplied volumes above 263MWh resulting in a loss on the incentive (max loss 19.7m).

The BSSG noted that Ofgem has previously[18] (2007) decided against an incentive scheme due to the limited information that has been available for historical claims.

[18] Ofgem letter dated 19 October 2007
http://www.ofgem.gov.uk/LICENSING/WORK/NOTICES/MODNOTICE/Documents1/071008_Ex_CAP048_Licence_Letter_FINAL2.pdf

However, the BSSG also noted Ofgem's views that, in the longer-term, an incentive-based mechanism could be beneficial to minimise the frequency and duration of disconnection from the transmission system.

Consultation Question 12
Do you think that Transmission Owners and System Operators should be incentivised to minimise loss of transmission access and associated costs? Please provide rationale.

3.5 Obligations on both users to raises claims and National Grid to investigate claims within a defined period

The compensation process for temporary physical disconnections is specified in Section 5.10 of the CUSC. This section states that the interruption payment will be made within 28 days following the date of agreement as to the value of the claim.

The CUSC, however, does not specify any timescales within which a user has to submit a claim, or National Grid has to confirm the validity of such a claim. In addition the CUSC does not specify a minimum value of a claim.

In order to stream-line the process, CUSC obligations could be placed on users to raise a claim within, say, 30 days of the end of an interruption incident and obligations on National Grid to confirm the validity of such a claim within, say, 60 days of receipt. A minimum claim value at say, £5,000 could also be introduced.

Discussions at the BSSG also focussed on other potential improvements to the claims handling process; there may be greater transparency if a body other than National Grid make decisions on the validity of a claim, although it was recognised that such a body may not be appropriate given the relatively low number and value of claims to date.

Consultation Question 13
a) Do you think that users should be required to raise claims within 30 days (or other period) of an incident?
b) Do you think a body other than National Grid would be more appropriate to determine the validity of a claim?
c) If not National Grid, who do you think should determine the validity of a claim?
d) Do you think National Grid/ other body should be required confirm the validity of a claim within 60 days (or other period) of receipt.
e) Do you think a minimum claim value of £5,000 (or other amount) would be appropriate?
Please provide rationale.

3.6 Impact of Project TransmiT

The BSSG considered that an industry development that may impact the area of loss of transmission access is Project TransmiT. Project TransmiT is a review of the transmission charging and connections arrangements that seek to recover the costs of providing electricity transmission assets, i.e. the TNUoS charges which are an integral part of the compensation schemes for loss of access.

The BSSG considered whether the review of compensation schemes for loss of transmission access should be delayed until the ongoing work under Project TransmiT has been concluded. The group did not feel that there was any specific reason why the review should be delayed by Project TransmiT at this stage.

Consultation Question 14
Do you think that the review of the compensation arrangements for loss of transmission access should be delayed until the completion of Project TransmiT?

Consultation Question 15
Are there any other comments you wish to raise?

4 How to respond to the consultation

The consultation questions listed in Section 3 of this document are summarised in a proforma in Appendix F. Please complete the proforma and send your responses to tariq.hakeem@uk.ngrid.com by 21st October 2011. Please state clearly if the response is to be treated confidential.

5 Next Steps

Following receipt of responses to this consultation, a report will be produced by the BSSG with appropriate conclusions and recommendations. This report could be used as the basis for developing any CUSC modification proposals to incorporate any recommendations.

The consultation document, consultation report, and all non-confidential responses will be published on the BSSG section of National Grid's website:

http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/workingstandinggroups/bssg/index.htm

If you have queries regarding any aspect of this consultation, please contact:

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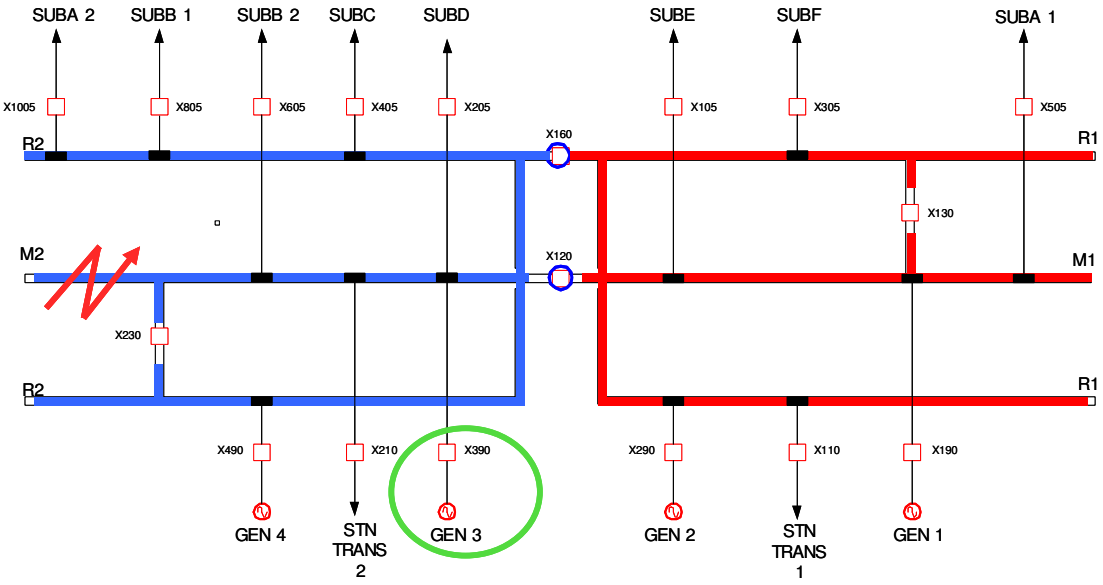
6 APPENDIX A – Potential incidents leading to disconnection

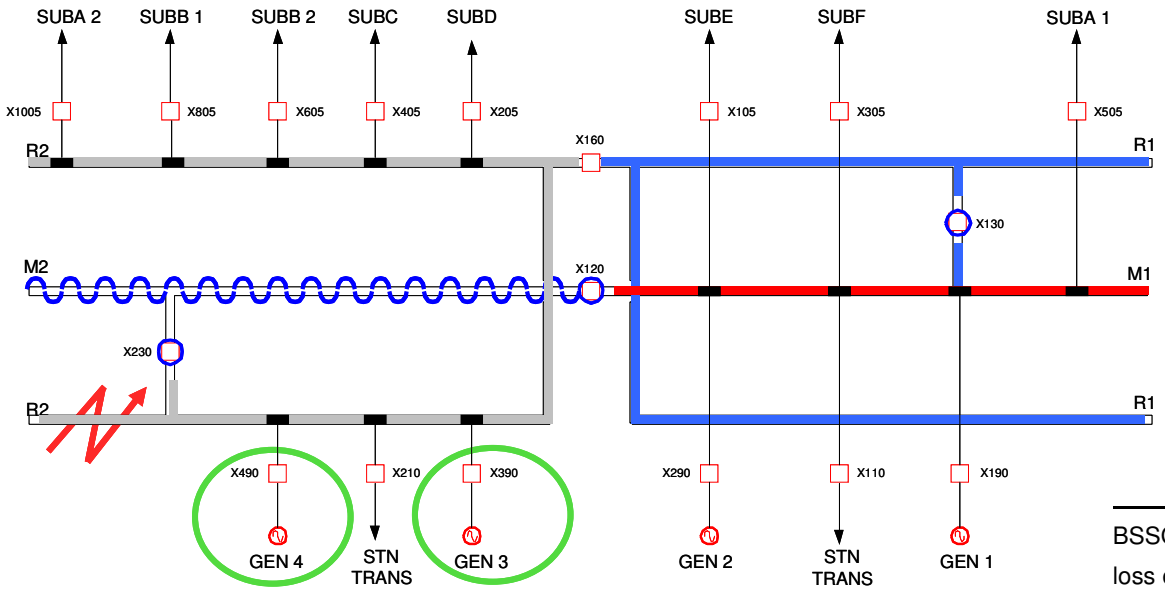
The BSSG discussed several types of incidents which may lead to a disconnection, these are shown below. Note the diagrams below represent a high level view and are not meant to be a comprehensive list of all scenarios that may result in a disconnection or CAP48 claim.

a)- Figure A.1 - A Bar outage in a intact double bus bar station.



A fault on the main bar 2 (M2) results in temporary loss of access for generator 3, as the reserve bar is available the access will be lost until transfer to R2. As access to the system is not lost this would not be compensated under CAP48.

b) Figure A.2 – A Bar outage in a depleted double bus station



In this situation the main bar 2 (M2) is not available, and the reserve bar 2 (R2) suffers a fault. Generators 3 and 4 will be disconnected until R2 or M2 are restored. This type of disconnection will normally be unplanned as an outage of

the R2 bar would not normally be expected to be planned at the same time as an outage of M2, although in exceptional circumstances this could be required.

In this scenario access to the system is lost and would be compensated under CAP48 for a planned or unplanned outage as appropriate.

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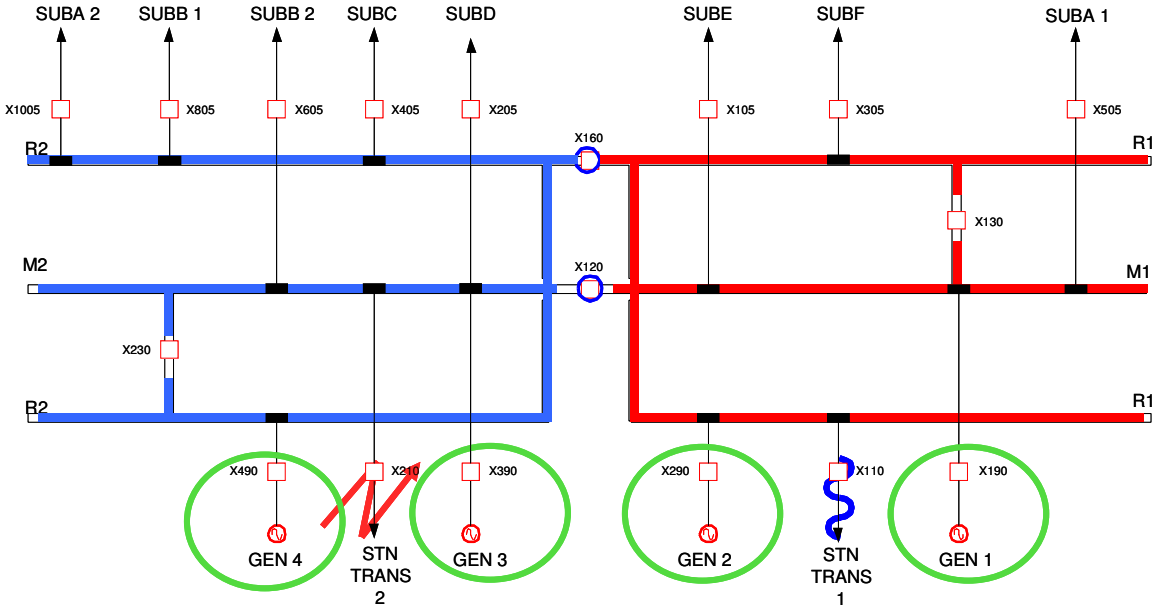
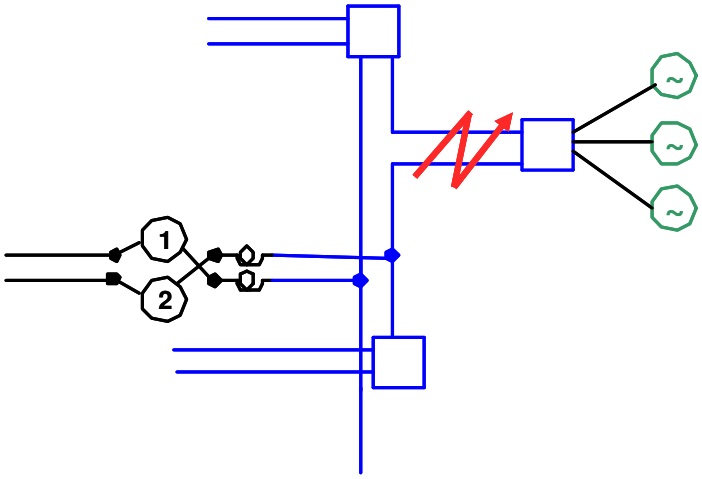
c) Figure A.3 – Loss of station supplies



In this situation station transformer 1 is out of service and station transformer 2 suffers loss of supplies due to an issue on the transmission system. In some cases loss of supplies to transformer 2 may cause generators 1-4 to be disconnected, although access to the transmission system for these generators is still available. In the situation described above the station transformer supplies are supplied from the 400kv system, but this is not always the case as sometimes supplies can be from the distribution system.

Depending on the specific circumstances under which this type of situation occurs, it may result in compensation under CAP48.

d) Figure A.4 – Local circuit outages



In this situation there is a loss of the double circuit connecting the power station to the system.

Where this results from an unplanned outage, (i.e. double circuit fault outage, or planned single circuit outage with coincident fault of remaining single) there may in some circumstances (but not all) be a system to operator intertrip scheme that disconnects the generator, in which case compensation will be as defined by CAP76 (intertrips). Should an intertrip not be installed, CAP48 would apply.

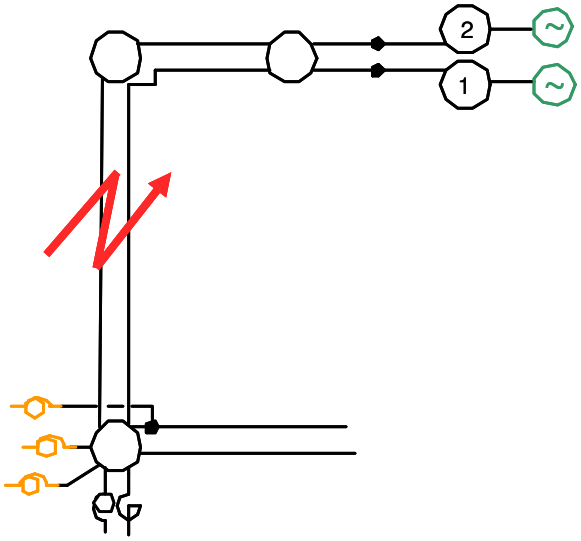
Reconnection will be on restoration of one or more circuits.

A planned double circuit outage would not normally be expected, but may be required in exceptional circumstances, in which case CAP48 would apply.

Some generators are connected via a single circuit connection only. Most (but not all) of these are covered by clauses in their BCA. (Bilateral Connection Agreement) in respect of planned and unplanned outages of the single circuit.

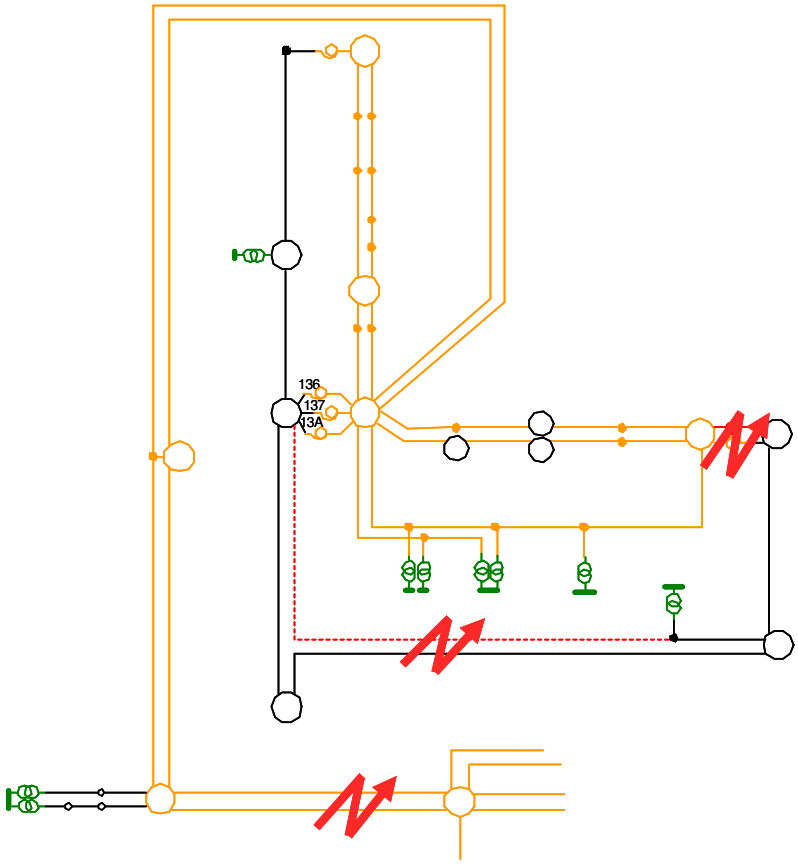
Where a BCA clause applies, CAP48 is not applicable.

e) Figure A.5 – Remote circuit outages



In this situation there is a loss of a remote double circuit connecting a power station to the system which will result in the power station being disconnected. This type of disconnection would be compensated under CAP48.

f) Figure A.6 – Wider outages



In this scenario there are multiple faults which disconnect part of the transmission system. The power island is not viable and a number of stations are disconnected either instantaneous or after a delay. The view at the BSSG was that these type of disconnection should not be covered under CAP48 (see section 3.2).

g) Other disconnections

Other reasons for disconnections may include fault(s) in the proximity (eg Stability / Low Frequency / ROCOF) or switching errors. Compensation under CAP48 would be dependent on the reason for the fault.

7 Appendix B Claims received to date

The table below details the claims paid since the implementation of CAP48 and are listed by descending numerical value. For confidentiality reasons the dates of the incidences below are not detailed. The six claims listed occurred in 2004 (1), 2007 (1), 2008 (1) and 2009 (3).

Table 3

Claim	Value (000's)	Duration of loss	Description	Type of claim
A	£798	4 units for 7 settlement periods, 2 units for up to 14 days	Closure of faulty switch resulted in trip of two Busbar sections, first returned within 3 hours, second after further 14 days	Appendix A – Section b
B	£424	3 units for 4 settlement periods, 1 unit for additional 13 days	Circuit trip resulting in de-synchronization, restriction in output	Appendix A – Section b
C	£190	2 units for 11 settlement periods	Failure of National Grid owned fuse prevented synchronisation	Appendix A – Section g
D	£89	4 settlement periods	Fault resulted in loss of system access, single circuit security due to maintenance outage.	Appendix A – Section d
E	£75	4 settlement periods.	Part paid, loss of supplies to station transformer resulted in de-synchronisation. Second transformer was on maintenance.	Appendix A – Section c
F	£8	1 settlement period	Circuit trip resulting in de-synchronisation	Appendix A – Section d
Total	**£1.6m**			

The table below shows claims which have not been paid.

Table 4

Claim	Description
G	Event caused by lightning strike, classed as Force Majeure
H	Event caused by multiple blown fuses, some customer owned. Claim not paid as it was not clear if the initiating event was solely on the transmission system.
I	Loss of supplies to station transformer followed by operation of station safety system and de-synchronisation. Claim not paid as

	unit had access to the system and a second station transformer was available.

In addition to the claims above there are some claims yet to be processed, these include 1 planned outage claim and a number of claims for wind farms.

8 APPENDIX C: Details of CAP48 and CAP144, and other related modifications

The CUSC modifications summarised in this appendix can be found on http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/amendment_archive/.

8.1 CAP43: 'Transmission Access Definition'

CAP43 was introduced on 1st April 2003. This modification clarified the arrangements on generator connection to the Transmission System. It introduced the products Connection Entry Capacity (CEC) and Transmission Entry Capacity (TEC). The proposal sought to provide clear links between the volume of rights held by a generator to access the system and the associated payment from the generator for that right. Whilst CAP43 introduced obligations on generators to purchase and financially commit to CEC and TEC, there was no compensation in place for the loss of access.

8.2 CAP48: 'Transmission Access Definition'

CAP48 (Temporary Physical Disconnection) was implemented on 1st April 2004 and defined the compensation which would be payable for the loss of transmission access. This modification was intended to provide compensation for circumstances where an event on the transmission system is the sole cause of a disconnection of a BM Unit. These arrangements are not designed to provide compensation where the User has contributed to the reason for the loss of access. The costs incurred by National Grid are passed through to Users via the TNUoS charges.

If National Grid provides a notice (by 16:00 on day ahead) to a generator that transmission access will be lost, the outage is deemed a planned (notified)[19] outage. For notified outages, a generator is entitled to a refund of the higher of average or actual TNUoS[20] charges for each day or part day of access loss.

For an unplanned outage (i.e. when no notice has been provided (tripped) or a notice is provided after 16:00 on day ahead), the settlement periods in which the access is not available are compensated at MIP within the first 24 hours, followed by a rebate of TNUoS charges thereafter.

[19] The Grid Code defines "planned" as an outage "coordinated by NGET under OC2". OC2 states that the final plan is issued at 16:00 on the day ahead

[20] For a disconnected party in a location with negative TNUoS charges, the refund would be based on the average TNUoS charge

8.3 CAP70: 'Short Term Firm Access Service'

CAP70 was implemented on 1 November 2004 and introduced the Short Term Transmission Entry Capacity (STTEC). The STTEC could be purchased by the Users to meet their short term requirements at a premium.

The STTEC Tariff is calculated as:

$$\textbf{\textit{STTEC Tariff (£/kW/Period)} = FT_{Gi} * 0.9 * \textit{STTEC Period} / 120}$$

Where,
FT = Final annual TNUoS Tariff expressed in £/kW
Gi = Generation zone
STTEC Period = A period STTEC applied for in days (28, 35 or 42 days) as defined in Section 11 of the CUSC

The charge is set to zero for generators with negative tariffs.

8.4 CAP94: 'Limited Duration Transmission Entry Capacity'

CAP94 was implemented on 1 April 2006 and introduced the Limited Duration Transmission Entry Capacity (LDTEC) covering longer periods than the STTEC introduced under CAP70.

The LDTEC Tariff for the first 17 weeks is calculated at a higher rate[21] as:

$$\textbf{\textit{LDTEC tariff (£/kW/week)} = FT_{Gi} * 0.9 * 7 / 120}$$

Where,
FT = Final annual TNUoS Tariff expressed in £/kw
Gi = Generation zone

The aggregate LDTEC tariff would recover 90% of the annual TNUoS charge. The charge is set to zero for generators with negative tariffs.

8.5 CAP144: 'Emergency Instruction to Emergency De-energise'

CAP144 (Emergency De-energisation) was implemented on 27 June 2008 and introduced compensation for emergency de-energisation instructions (which are, by definition, unplanned). This modification corrected a defect under CAP48 which did not capture emergency de-energisation instructions. Prior to the implementation of CAP144, emergency de-energisation would have been achieved with a Bid-Offer Acceptance (BOA), potentially at a higher cost than under CAP144.

[21] CAP94 also has lower rate tariff for the period after 120 days but the BSSG considered the higher rate tariff to be more relevant for short term access loss.

Under this modification, the immediate period up to the BM window is compensated at System Buy Price (SBP). Each subsequent period which occurs within the first 24 hours is compensated at Market Index Price (MIP), followed by a rebate of TNUoS charges thereafter.

9 APPENDIX D: Definitions of Interruption, Allowed Interruption, and Relevant Interruption

CUSC Section 11 defines an **Interruption** as follows:

> "where either:-
> (i) solely as a result of **Deenergisation** of **Plant and Apparatus** forming part of the **National Electricity Transmission System**; or
> (ii) in accordance with an **Emergency Deenergisation Instruction**;
> a) a **BM Unit** comprised in the **User's Equipment** of an **Affected User** (other than an **Interconnector Owner**) is **Deenergised**; or
> b) an **Interconnector** of an **Affected User** who is an **Interconnector Owner** is **Deenergised**; or
> c) The **Maximum Export Limit** in respect of the **BM Unit(s)** associated with such **User's Equipment** is zero."

Not all instances of transmission access loss are eligible for compensation. The CUSC Section 11 identifies a number of interruptions as **Allowed Interruptions** that are not eligible for compensation. The CUSC states that:

> "An Allowed Interruption shall mean an **Interruption** as a result of any of the following:
> a) an **Event** other than an **Event** on the **National Electricity Transmission System**;
> b) an event of **Force Majeure** pursuant to Paragraph 6.19 of the **CUSC**;
> c) a **Total Shutdown** or **Partial Shutdown**;
> d) action taken under the **Fuel Security Code**;
> e) **Disconnection** or **Deenergisation** by or at the request of **The Company** under Section 5 of the **CUSC,** except in the case of an **Emergency Deenergisation Instruction**;
> f) the result of a direction of the Authority or **Secretary of State**;
> g) tripping of the **User**'s **Circuit Breaker(s)** following receipt of a signal from a **System to Generator Operational Intertripping Scheme** which has been armed in accordance with Paragraph 4.2A.2.1(b).
>
> or if provided for in a **Bilateral Agreement** with the affected **User**;"

An Interruption that is eligible for compensation is defined in CUSC Section 11 as a Relevant Interruption which is:

> "an **Interruption** other than an **Allowed Interruption**;"

10 APPENDIX E: An example showing the effect of potential changes on the compensation levels for loss of transmission access

This appendix provides details of the compensation calculations behind Table 2 in section 3.3.5; the table summarises an example of a 10 day outage under the current and potential new arrangements. The example is based on the following assumptions:

Affected generation volume: 500MW
Duration of access loss: 1st March – 10th March 2011 (inclusive)
TNUoS Tariff: £5/kW (£5000/MW)
Market Index Price (MIP): Varies with Settlement Period
Additional compensation following period following restoration of access = 3 hours

10.1 Calculation for section 3.3.1

The initial compensation for both the current and new schemes is derived using the formula (for relevant settlement periods): Affected generation volume / 2 x MIP. Table 5 shows the calculation for each settlement period with the totals showing the compensation values for the initial (total to 24 hours) and new scheme (total to 36 hours).

Table 5

Settlement Date	Settlement Period	Time	Price (MIP) £/MWh	Calculation £*
01/03/2011	1	00:00:00	46.53	£11,633
01/03/2011	2	00:30:00	48.61	£12,153
01/03/2011	3	01:00:00	48.59	£12,148
01/03/2011	4	01:30:00	44.93	£11,233
01/03/2011	5	02:00:00	43.35	£10,838
01/03/2011	6	02:30:00	42.8	£10,700
01/03/2011	7	03:00:00	41.91	£10,478
01/03/2011	8	03:30:00	41.78	£10,445
01/03/2011	9	04:00:00	41.18	£10,295
01/03/2011	10	04:30:00	41.16	£10,290
01/03/2011	11	05:00:00	42.95	£10,738
01/03/2011	12	05:30:00	42.83	£10,708
01/03/2011	13	06:00:00	45.23	£11,308
01/03/2011	14	06:30:00	46.16	£11,540
01/03/2011	15	07:00:00	51.36	£12,840
01/03/2011	16	07:30:00	52.58	£13,145
01/03/2011	17	08:00:00	52.88	£13,220
01/03/2011	18	08:30:00	53.1	£13,275
01/03/2011	19	09:00:00	50.7	£12,675
01/03/2011	20	09:30:00	50.59	£12,648
01/03/2011	21	10:00:00	50.66	£12,665
01/03/2011	22	10:30:00	50.42	£12,605
01/03/2011	23	11:00:00	45.17	£11,293
01/03/2011	24	11:30:00	45.34	£11,335
01/03/2011	25	12:00:00	45.27	£11,318
01/03/2011	26	12:30:00	45.16	£11,290

Settlement Date	Settlement Period	Time	Price (MIP) £/MWh	Calculation £*		
01/03/2011	27	13:00:00	44.44	£11,110		
01/03/2011	28	13:30:00	43.88	£10,970		
01/03/2011	29	14:00:00	44.07	£11,018		
01/03/2011	30	14:30:00	43.7	£10,925		
01/03/2011	31	15:00:00	46.25	£11,563		
01/03/2011	32	15:30:00	46.55	£11,638		
01/03/2011	33	16:00:00	45.81	£11,453		
01/03/2011	34	16:30:00	49.77	£12,443		
01/03/2011	35	17:00:00	56.29	£14,073		
01/03/2011	36	17:30:00	60.53	£15,133		
01/03/2011	37	18:00:00	65.04	£16,260		
01/03/2011	38	18:30:00	65.35	£16,338		
01/03/2011	39	19:00:00	59.25	£14,813		
01/03/2011	40	19:30:00	53.17	£13,293		
01/03/2011	41	20:00:00	52.23	£13,058		
01/03/2011	42	20:30:00	51.95	£12,988		
01/03/2011	43	21:00:00	47.89	£11,973		
01/03/2011	44	21:30:00	47.36	£11,840		
01/03/2011	45	22:00:00	43.55	£10,888		
01/03/2011	46	22:30:00	41.9	£10,475		
01/03/2011	47	23:00:00	41.13	£10,283		
01/03/2011	48	23:30:00	41.23	£10,308	**£575,645**	**(total to 24 hours)**
02/03/2011	1	00:00:00	41.92	£10,480		
02/03/2011	2	00:30:00	41.88	£10,470		
02/03/2011	3	01:00:00	41.72	£10,430		
02/03/2011	4	01:30:00	41.18	£10,295		
02/03/2011	5	02:00:00	40.74	£10,185		
02/03/2011	6	02:30:00	40.73	£10,183		
02/03/2011	7	03:00:00	39.57	£9,893		
02/03/2011	8	03:30:00	39.52	£9,880		
02/03/2011	9	04:00:00	39.7	£9,925		
02/03/2011	10	04:30:00	39.51	£9,878		
02/03/2011	11	05:00:00	40.53	£10,133		
02/03/2011	12	05:30:00	40.74	£10,185		
02/03/2011	13	06:00:00	42.72	£10,680		
02/03/2011	14	06:30:00	43.52	£10,880		
02/03/2011	15	07:00:00	52.75	£13,188		
02/03/2011	16	07:30:00	51.9	£12,975		
02/03/2011	17	08:00:00	51.67	£12,918		
02/03/2011	18	08:30:00	51.33	£12,833		
02/03/2011	19	09:00:00	52.49	£13,123		
02/03/2011	20	09:30:00	52.94	£13,235		
02/03/2011	21	10:00:00	53.25	£13,313		
02/03/2011	22	10:30:00	54.55	£13,638		
02/03/2011	23	11:00:00	48.93	£12,233		
02/03/2011	24	11:30:00	49.56	£12,390	**£848,983**	**(total to 36 hours)**

*** formula =(500MW / 2) x Price £/MWh**

10.2 Calculation for section 3.3.2

Under the current scheme, compensation for a day's loss of access (or part day) is equal to the daily TNUoS charge. In this example, the daily charge TNUoS charge is calculated as: affected generation volume (500MW) * TNUoS Tariff (£5000/MW) /365, which equates to £6,849/day.

For the new scheme, the daily compensation for loss of access is equal to the weekly LDTEC charge / 7. The weekly LDTEC charge is calculated as: weekly LDTEC tariff (£/kW/week) x affected generation volume (500,000kw) where,

Weekly LDTEC tariff (£/kW/week) = TNUoS Tariff (£5/kw) x 0.9 x 7 /120 = 0.2625.

The weekly LDTEC charge is therefore 0.2625 x 500,000 which is equal to £131,250 (£/kW/week). Hence the daily compensation for loss of access is £131,250 / 7 which is equal to £18,750.

Table 4 shows a comparison of the compensation levels, (over the duration of loss of access) for the existing and new scheme.

Table 6

	Current Scheme (TNUoS based)	New Scheme (LDTEC based)
Day 2	£6,849	£18,750
Day 3	£6,849	£18,750
Day 4	£6,849	£18,750
Day 5	£6,849	£18,750
Day 6	£6,849	£18,750
Day 7	£6,849	£18,750
Day 8	£6,849	£18,750
Day 9	£6,849	£18,750
Day 10	£6,849	£18,750
Total	**£61,644**	**£168,750**

10.3 Calculation for section 3.3.3

In the example the access loss is for 10 days, at a rate of £100/MW for each full week of access loss. The resulting weekly compensation equates to £50,000. No compensation is paid for the remaining 3 days which do not comprise a full week.

10.4 Calculation for section 3.3.4

The formula for the calculation of compensation following restoration of access is the same as the one used for compensation calculation in Section 8.1 of this Appendix i.e.: Affected generation volume (500MW) / 2 x MIP.

Table 5 shows the total compensation for 3 hours following restoration of access (i.e. 6 settlement periods).

Table 7

Settlement Date	Settlement Period	Time	Price £/MWh	Calculation £*		
11/03/2011	1	00:00:00	44.2	£11,050		
11/03/2011	2	00:30:00	45.04	£11,260		
11/03/2011	3	01:00:00	42.73	£10,683		
11/03/2011	4	01:30:00	42.58	£10,645		
11/03/2011	5	02:00:00	41.39	£10,348		
11/03/2011	6	02:30:00	41.24	£10,310	**£64,295**	**(total for 3 hours)**

*** formula =(500MW / 2) x Price £/MWh**

11 APPENDIX F: Response Proforma

National Grid invites responses to this consultation by 21st October 2011. The responses to specific consultation questions (summarised below) or any other aspect of this consultation can be provided by completing the following proforma.

This proforma is also available as a word document.

Please return the completed proforma to tariq.hakeem@uk.ngrid.com.

Company Name:	
Respondent:	
Contact Number:	
Does this response contain confidential information? If yes, please specify.	

No	Question	Response (Y/N)	Rationale
1	Do you think Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144) compensation, such that the compensation up to the BM Window is paid at System Buy Price (SBP) rather than Market Index Price (MIP)?		
2	Do you think the scope of Temporary Physical Disconnection compensation should be expanded to include situations where disconnection is, in part, down to a users internal station configuration? Please provide rationale.		
3	Do you think islanding impacting multiple sites at different geographical locations, when a partial system shutdown has not been declared should be		

No	Question	Response (Y/N)	Rationale
	excluded from loss of access compensation? Please provide rationale.		
4	Do you think an initial compensation period of up to 24 hours for transmission access loss is sufficient? Please provide rationale.		
5	Do you think an initial compensation period of up to 36 hours for transmission access loss would be more appropriate? Please provide rationale.		
6	Do you think an additional compensation period following restoration of transmission access is appropriate? Please provide rationale.		
7	Do you think the additional period should be technology or non-technology specific (e.g. same compensation periods for wind and nuclear plants)? Please provide rationale.		
8	Do you think that the current compensation based on the higher of average or actual TNUoS charges is appropriate? Please provide rationale. .		
9	Do you think that the compensation for access loss should be based on Limited Duration Transmission Entry		

No	Question	Response (Y/N)	Rationale
	Capacity (LDTEC) rather than the TNUoS rate? Please provide rationale.		
10	Do you think that additional compensation for loss of access (e.g. flat weekly rate) should be paid over and above the existing compensation levels? Please provide rationale.		
11	a) Do you think that 100/MW/Week for each full 7 day period of access loss is appropriate? b) Do you think that the compensation rate in Q11 (a) should be limited to 4 weeks? c) Do you feel other values/timescales (other than those in mentioned in questions 11a and 11b) would be more appropriate? Please provide rationale.		
12	Do you think that Transmission Owners and System Operators should be incentivised to minimise loss of transmission access and associated costs? Please provide rationale.		
13	a) Do you think that users should be required to raise claims within 30 days (or other period) of an incident? b) Do you think a body other than National Grid would be more appropriate to determine		

No	Question	Response (Y/N)	Rationale
	the validity of a claim? c) If not National Grid, who do you think should determine the validity of a claim? d) Do you think National Grid/ other body should be required confirm the validity of a claim within 60 days (or other period) of receipt. e) Do you think a minimum claim value of £5,000 (or other amount) would be appropriate? Please provide rationale.		
14	Do you think that the review of the compensation arrangements for loss of transmission access should be delayed until the completion of Project TransmiT?		
15	Are there any other comments you wish to raise?		

Annex 2 – Industry Response to Consultation

This section contains a report summarising responses to the consultation and details of the responses (non-confidential) received to the consultation. There were ten respondents, the nine listed below and one confidential response.

Company
Centrica
Drax Power Limited
EDF Energy
E.ON
International Power
Renewable UK
RWE
Scottish Power Generation, Scottish Power Renewables
SSE

nationalgrid

Report on Industry Consultation

Draft report on the compensation methodology for loss of transmission access consultation

The Balancing Services Standing Group (BSSG) has reviewed the compensation arrangements for loss of transmission access. A consultation document containing a summary of the issues discussed at the BSSG and seeking industry views on the potential changes to the existing compensation arrangements was published on the 23rd September 2011.

This document provides details of the outcome of the consultation process and the views of respondents to the consultation.

Contents

About this document

The Balancing Services Standing Group (BSSG), established under the governance of the Connection and Use of System (CUSC) Panel has discussed the compensation arrangements for loss of transmission access. Some members of the BSSG have stated it is appropriate to amend the compensation arrangements in light of the experience gained from the operation of the current compensation schemes.

A consultation was issued on the 23rd September 2011 requesting interested parties for their views on a number of specific points discussed by the BSSG. The consultation issued can be viewed via the link below:

http://www.nationalgrid.com/uk/Electricity/Balancing/consultations/

This report summarises the responses to the consultation and has been produced following discussions at the BSSG.

Executive Summary

The BSSG (Balancing Services Standing Group) is an industry group set up under the governance of the CUSC Panel to provide a focal point for discussions relating to balancing services as well as other areas of industry interest.

One area the BSSG has discussed is the compensation payable to generators for loss of transmission access. Generators are currently compensated for loss of transmission access under CAP48[1] and CAP144[2]. CAP48 covers compensation for notified and eligible unplanned loss of access whereas CAP144 covers payments for de-synchronisation under emergency de-energisation instructions.

A consultation was issued on the 23rd September 2011 requesting interested parties for their views on a number of specific points discussed by the BSSG in relation to CAP48 and CAP144 compensation. These specific points included:

1. Alignment of CAP48 and CAP144 compensation schemes
2. Types of access loss eligible for compensation
3. Potential changes to the existing compensation schemes
    a) Duration of initial compensation period
    b) Compensation following restoration of access
    c) Appropriateness of TNUoS-based compensation
    d) Compensation over and above the existing levels
    e) Comparison of potential changes to compensation schemes
4. Recovery of costs by National Grid
5. Obligations on both users to raise a claim and National Grid to investigate a claim within a defined period

There were ten responses to the consultation, including one confidential response.

In some areas, respondents were in broad agreement. All respondents who answered the question on alignment of CAP48 and CAP144 compensation schemes were in agreement that this alignment would be beneficial. Respondents also felt there was no reason to delay the review of compensation pending Project TransmiT. The majority of respondents did not support the exclusion of islanded sites from the compensation arrangements.

The other areas of the consultation produced more diverse opinions. Respondents were broadly equally split on the merits of expanding compensation to include situations where the disconnection is partly down to a users internal configuration. Respondents highlighted the difficulty National Grid may face in determining if loss of access to the transmission system was contributed to by a User's internal station configuration, and the difficulty in making a judgement on whether an operator at a specific site was operating in a reasonable and prudent manner.

[1] CAP48 - Firm Access and Temporary Physical Disconnection

[2] CAP144 – Emergency Instruction to Emergency De-energise

The consultation canvassed views on the initial 24 hour compensation period along with the possibility of expansion to 36 hours. The majority of respondents did not think that the 24 hour period was appropriate. There was support for an expansion to 36 hours but there was also support for increasing the initial compensation period beyond 36 hours.

The majority of respondents supported an additional compensation period following restoration of access. However, a minority of respondents did not agree. One respondent felt that the risks associated with resynchronisation, once access is restored, should be up to a User to manage. Another highlighted that generators will have different resynchronisation periods and to determine a level, even on technology basis, would be impossible. There was a broadly equal split over whether the additional period should be technology or non-technology specific.

The majority of respondents did not think a payment based on the TNUoS rate was appropriate, for example, a generator may receive compensation at a higher TNUoS rate than it originally paid. Support was broadly split on the merits of compensation based on LDTEC rate with several respondents commenting that this should only be the case if the generator was paying LDTEC.

There was a broadly equal split on the merits of additional compensation over existing levels. One respondent, who was not supportive, commented that it would be a type of mutual insurance mechanism paid for by the wider community. Another respondent, also not in favour, commented that the introduction of an ad-hoc payment that has no industry basis would be creating an inappropriate precedence for compensation payments.

The actual suggested level for the additional compensation was not supported by the majority of respondents for a variety of reasons. Some did not support the principle of additional compensation whilst others were supportive of the principle but thought the numbers needed more rationale. One respondent felt the values should be related to the costs generators face on a cost by cost basis and also felt that consideration should be given to post event compensation when plant had been damaged as a result of the disconnection.

The majority of respondents were in favour of incentives on Transmission Owners and System Operators; several thought these should be developed as part of the Price Control mechanism. One respondent not in favour of incentives commented that the Transmission Licence obligations should be sufficient to ensure that generation is not disconnected except in exceptional circumstances. A second respondent, also not in favour, felt an incentive mechanism would simply add to the cost of transmission.

In summary the consultation responses appear to support a change in some aspects of loss of access compensation. Section 2 provides more detail on each consultation question and responses received.

Next Steps

The BSSG has discussed the consultation responses, and decided it would be appropriate to raise several modifications; these are detailed in the paper titled 'Position paper BSSG, CAP48 and CAP144 compensation'. This document forms an Appendix to the position paper document.

Deleted: ¶
To be discussed at the BSSG.¶

1 Introduction

The BSSG is an industry group set up under the governance of the CUSC Panel to provide a focal point for discussions relating to balancing services as well as other areas of industry interest.

One area the BSSG has discussed is the compensation payable to generators for loss of transmission access. Generators are currently compensated for loss of transmission access under CAP48[3] (Temporary Physical Disconnection[4]) and CAP144[5] (Emergency De-energisation[6]). CAP48 covers compensation for notified and eligible unplanned loss of access whereas CAP144 covers payments for de-synchronisation under emergency de-energisation instructions.

A consultation issued on the 23rd September 2011 asked for industry views on a number of issues discussed at the BSSG. The table below shows a high level summary of the responses received to each of the individual questions in the consultation document. Further details of the responses to the consultation document are provided in Section 2. Section 4, Appendix A, contains the individual (non-confidential) responses received.

Q. No	Question	Yes	No	Other
1	*Do you think Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144) compensation, such that the compensation up to the BM Window is paid at System Buy Price (SBP) rather than Market Index Price (MIP)?*	8	0	0
2	*Do you think the scope of Temporary Physical Disconnection compensation should be expanded to include situations where disconnection is, in part, down to a use's internal station configuration? Please provide rationale.*	4	2	2
3	*Do you think islanding, impacting multiple sites at different geographical locations, when a partial system shutdown has not been declared should be excluded from loss of access compensation? Please provide rationale.*	3	5	0
4	*Do you think an initial compensation period of up to 24 hours for transmission access loss is sufficient? Please provide rationale.*	2	6	0
5	*Do you think an initial compensation period of up to 36 hours for transmission access loss would be more appropriate? Please provide rationale.*	3	2	3

[3] CAP48 - Firm Access and Temporary Physical Disconnection

[4] This term is also used when referring to CAP48

[5] CAP144 – Emergency Instruction to Emergency De-energise

[6] This term is also used when referring to CAP144

6	*Do you think an additional compensation period following restoration of transmission access is appropriate? Please provide rationale.*	5	2	1
Q. No	Question	Technology	Non-technology	Other
7	*Do you think the additional period should be technology or non-technology specific (e.g. same compensation periods for wind and nuclear plants)? Please provide rationale.*	2	3	3
Q. No	Question	Yes	No	Other
8	*Do you think that the current compensation based on the higher of average or actual TNUoS charges is appropriate? Please provide rationale*	2	7	0
9	*Do you think that the compensation for access loss should be based on Limited Duration Transmission Entry Capacity (LDTEC) rather than the TNUoS rate? Please provide rationale.*	4	4	0
10	*Do you think that additional compensation for loss of access (e.g. flat weekly rate) should be paid over and above the existing compensation levels? Please provide rationale.*	4	4	0
11	Multiple sub questions see section 2			
12	*Do you think that Transmission Owners and System Operators should be incentivised to minimise loss of transmission access and associated costs? Please provide rationale.*	7	2	0
13	Multiple sub questions see section 2			
14	*Do you think that the review of the compensation arrangements for loss of transmission access should be delayed until the completion of Project TransmiT?*	0	8	0

2 Responses to the consultation

Ten organisations responded to the consultations, with one organisation requesting confidentiality. Non-confidential responses were received from the following organisations:

- Centrica
- Drax Power Limited
- EDF Energy
- E.ON
- International Power
- Renewable UK
- RWE
- Scottish Power Generation, Scottish Power Renewables
- SSE

Eight of the responses were in the form of responses to the individual questions in the consultation document, whilst two responses were in the form of a letter commenting on points raised in the consultation. The individual (non-confidential) responses are shown in Appendix A.

In the consultation there were a total of fifteen questions posed, this section summarises the main areas highlighted from the respondents for each of the questions.

2.1 Alignment of Temporary Physical Disconnection and Emergency De-energisation compensation schemes

Temporary Physical Disconnection (CAP48) and Emergency De-energisation (CAP144) compensation is similar; the difference between the two schemes is that under Emergency De-energisation compensation is payable up to the BM window using SBP rather than MIP which is used for Temporary Physical Disconnection.

Question 1: *Do you think Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144) compensation, such that the compensation up to the BM Window is paid at System Buy Price (SBP) rather than Market Index Price (MIP)?*

Summary of responses to Question 1

Yes	No	Neutral/Other
8	0	0

All ten respondents who commented on this area were in agreement that Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144), with one commenting that CAP48 was raised four years before CAP144 and if it were to be raised today it would most likely be aligned with CAP144.

2.2 Types of access loss eligible for compensation

A party who suffers a **Relevant Interruption** is eligible for compensation; this is essentially an interruption in which a BM Unit is de-energised solely due to an issue on the National Electricity Transmission System.

In some instances, an interruption or inability to generate, whilst precipitated by the de-energisation of plant or apparatus forming part of the National Electricity Transmission System, is nonetheless in part due to the configuration of the user's plant and apparatus at the time. A different User, with an alternative internal power station configuration, may not be impacted in similar circumstances yet both configurations may be equally valid ways of operation.

If the transmission circuits allowing access to the transmission system are not available, and this is due to an issue or fault on the National Electricity Transmission System, then a claim will tend to be valid. In some circumstances transmission circuits may be available but there

may be an inability to utilise the circuits by the generator. This inability to generate may have been precipitated by de-energisation of plant or apparatus forming part of the National Electricity Transmission System but may, in part, also be due to the configuration of the User's plant and apparatus at the time. Question 2 of the consultation asked if the scope of Temporary Physical Disconnection compensation should be expanded to incorporate compensation for these types of events.

Question 2: Do you think the scope of Temporary Physical Disconnection compensation should be expanded to include situations where disconnection is, in part, down to a User's internal station configuration? Please provide rationale.

Summary of responses to Question 2

Yes	No	Neutral/Other
4	2	2

There were eight responses to this consultation question, with both support for and disagreement against the proposal. A selection of responses (non-confidential) is shown below.

Comments generally supportive of the proposal:

"We do not believe that the internal station configuration should be used as a basis to reject compensation for temporary physical disconnection in circumstances where such disconnection is attributable to an "issue" with the GB National Electricity Transmission System."

"We can see the logic for the inclusion of these types of situation, although the key challenge is in defining the circumstances under which compensation would be payable. The two stage test proposed again seems fine in principle. However, given the room for interpretation, we are concerned that this may increase the costs of settling claims."

"The two stage test outlined in the consultation (3.2) would be appropriate for determining whether compensation should be payable. Where a generator has agreed a non-standard internal plant configuration as part of its Connection Agreement and restrictions on access and compensation are clearly defined in this respect in its Bilateral Connection Agreement (BCA) then it should not be entitled to compensation for loss of access. Where such arrangements and restrictions on compensation are not defined in the BCA and the inability to generate could not have been avoided by a reasonable and prudent operator, then it should be entitled to compensation."

"The current CUSC is clear that a relevant interruption is where a BMU is de-energised solely due to a problem on NG's transmission system. It is not clear that the configuration of a user's internal station is part of this test to decide whether a relevant disconnection is eligible for compensation or not."

Comments generally not supportive of the proposal:

> "If a PS is disconnected as a result of a loss of a transmission circuit then compensation should be paid. In situations where the loss of a transmission circuit would not result in the loss of the station but for an outage condition at the station (e.g backup station transformer) compensation should not be paid."

> "We do not agree with this suggestion. In particular it would be difficult for National Grid to easily determine if a loss of access to the transmission system was due to a Users internal station configuration."

There were also comments on the difficulty of applying a reasonable and prudent generator test.

> "We suggest that it would be almost impossible for a judgement to be made on whether an operator at a specific site was operating in a reasonable and prudent manner."

Question 3 of the consultation focused on islanding. This is when part of the system becomes stranded without the declaration of a partial shutdown, with generation in the island desynchronising either instantaneously or after a period of time.

Question 3 asked: Do you think islanding, impacting multiple sites at different geographical locations, when a partial system shutdown has not been declared should be excluded from loss of access compensation? Please provide rationale.

Summary of responses to Question 3

Yes	No	Neutral/Other
3	5	n/a

Three respondents supported the exclusion of islanding from compensation, with one respondent considering that compensation should be considered under BSC provisions. One respondent considered that islanding will generally allow the continued operation of the BM unit and it should be excluded on this basis.

Five respondents did not support the proposal; some comments were along similar lines, i.e. if islanding results in a generator being desynchronised without recourse to alternative compensation they should be compensated under temporary physical disconnection.

2.3 Duration of initial compensation period

Compensation for an unplanned loss of access for the initial 24 hours is currently paid at Market Index Price (MIP) for the MW impacted. The use of MIP is intended to cover a user's imbalance exposure resulting from loss of transmission access.

The consultation considered that the initial period should be extended to 36 hours. Question 4 asked for views on the existing 24 hours period, with question 5 asking for views on a potential 36 hour period.

Question 4: Do you think an initial compensation period of up to 24 hours for transmission access loss is sufficient? Please provide rationale.

Summary of responses to Question 4

Yes	No	Neutral/Other
2	6	n/a

Two respondents supported an initial compensation period of 24 hours. Support was based on the original reasoning for a 24 hour period, i.e. to allow affected parties to trade out their imbalance position. One respondent did not think this was any more difficult now than when CAP48 and CAP144 were implemented.

The majority of respondents did not feel an initial 24 hour period was sufficient. Comments highlighted the uncertainty a generator may face and that generators trade ahead for a period longer than 24 hours. One respondent considered that as a minimum 48 hours was required with another believing the period eligible for compensation should be decided under each individual claim on a case by case basis.

Question 5 was linked to question 4 and asked if 36 hours was more appropriate.

Question 5: Do you think an initial compensation period of up to 36 hours for transmission access loss would be more appropriate? Please provide rationale.

Summary of responses to Question 5

Yes	No	Other
3	2	3

The two respondents who thought 24 hour period was appropriate (question 4) did not think 36 hours was appropriate either.

Three respondents were supportive of a 36 hour initial compensation period. The 36 hour compensation period was thought to provide a balanced level of cover and a more realistic timeframe to cover the period generators are likely to have traded power ahead for.

Three respondents were supportive of a longer period than 36 hours, with the supporting comments (non-confidential) shown below:

> "We agree this period cannot be open-ended but it should be long enough to cover a range of station dynamics. A cap of perhaps 4 to 5 days might be reasonable."

> "Compensation should continue beyond the initial 24 hour period to a period consistent with the length of the overall interruption, in order that generators are compensated appropriately and the TSO and TOs are incentivised to restore the system as quickly as possible."

2.4 Compensation following restoration of access

Currently compensation for an unplanned loss of access applies for the period over which the user does not have access to the transmission system. Once access has been restored, compensation ceases. The BSSG discussed whether compensation should be payable for an additional period after restoration of access.

Question 6 asked: Do you think an additional compensation period following restoration of transmission access is appropriate? Please provide rationale.

Summary of responses to Question 6

Yes	No	Other
5	2	1

Two respondents disagreed with an additional compensation period following restoration of access. One of these felt that the risks associated with resynchronisation once access is restored should be up to users to manage. The other highlighted that generators will have different resynchronisation periods and to determine a level, even on a technology basis, would be impossible.

Five respondents supported an additional compensation period, with two of the five suggesting the additional time they were in favour of. In one case, a short additional period (1.5 hours) was supported, whilst in the other case it was felt that a minimum of 24 hours was required. The other three respondents supporting an additional period did not offer a specific period but the general view was that the length of the period should be such that the generator is able to return to the operating level it was at prior to disconnection.

Qualified support was provided from one respondent as long as the total compensation period did not exceed 24 hours (comment shown below):

> "Possibly, as long as the total period allowed does not exceed 24 hours. If this is the time required to trade out of the imbalance position caused, then the owner of the station concerned should be in a position to take the additional time to re-synch into account as it continues trading half hour by half hour thereafter."

Question 7 was linked to Question 6.

Question 7: Do you think the additional period should be technology or non-technology specific (e.g. same compensation periods for wind and nuclear plants)? Please provide rationale.

Summary of responses to Question 7

Technology	Non-technology	Other
2	3	3

Two respondents had disagreed with the proposal in question 6 (introduction of an additional period). For question 7, one of these two thought if an additional period was introduced, it

should be on a non-discriminatory and thus non-technology specific basis. A third respondent, who offered qualified support for question 6 (as long as the total compensation period did not exceed 24 hours), favoured the specific re-synchronisation time of a particular generating unit. In the table above these three respondents have been allocated to the 'other' category.

Three respondents did not favour a technology specific additional compensation. One commented that there was no technology differentiation in the TNUoS methodology and there should be no discrimination in loss of access. A second respondent did not think the additional period should be technology specific but should be based on the time a reasonable and prudent operator (given plant dynamics) took to come back on line.

Two respondents were in favour of a technology specific period. One commented that different generation will require different lengths of time to return to a notified PN position. This respondent also commented that renewable generation will also lose ROC and LEC income. The second respondent also commented on the fact that different plant will require different times to return to synchronisation.

2.5 Appropriateness of TNUoS-based compensation

A key element of the compensation schemes for both notified and unplanned loss of access is the rebate of TNUoS charges. The rebate of TNUoS charges is currently based on the higher of the actual TNUoS charge (for an affected user) or the average TNUoS charge (Total TNUoS income from generators / Total Transmission Entry Capacity).

Some BSSG members have suggested that limiting compensation to a refund of TNUoS charges does not reflect the disruption caused by loss of access. An alternative compensation method considered by the BSSG is based on the LDTEC[7] charges which carry a premium[8].

Question 8: Do you think that the current compensation based on the higher of average or actual TNUoS charges is appropriate? Please provide rationale.

Summary of responses to Question 8

Yes	No	Other
2	7	

Two respondents thought the current TNUoS arrangements are appropriate.

[7] Limited Duration Transmission Entry Capacity

[8] Aggregate LDTEC charges (high rate) recover 90% of the annual TNUoS charge. The LDTEC tariff (£/kW/week) is equal to the TNUoS tariff (£/kW) for a given generation zone x 0.9 x 7 / 120.

[9] Ofgem letter dated 19 October 2007 http://www.ofgem.gov.uk/LICENSING/WORK/NOTICES/MODNOTICE/Documents1/071008_Ex_CAP048_Licence_Letter_FINAL2.pdf

Seven respondents were not supportive of the current arrangements. Two of these seven thought payments based on average TNUoS inappropriate, because it can result in a payment, in some cases, higher than the actual TNUoS paid by a generator. One respondent thought that a generator should be compensated for the loss of earnings from the wholesale market that it would otherwise have achieved.

Question 9 was linked to question 8.

Question 9: Do you think that the compensation for access loss should be based on Limited Duration Transmission Entry Capacity (LDTEC) rather than the TNUoS rate? Please provide rationale.

Summary of responses to Question 9

Yes	No	Other
4	4	

Four respondents were not in favour of compensation being based on LDTEC charges, unless (supported by three of the four) the generator had entered into LDTEC arrangements. Four respondents thought compensation based on LDTEC charges more appropriate although one commented that neither the TNUoS nor LDTEC rate holds the generator whole for opportunity cost arising from the loss of transmission access

2.6 Compensation over and above existing levels

Some members of the BSSG considered the existing level of compensation to be insufficient to cover ongoing uncertainty for extended loss of access, and suggested the introduction of additional compensation over and above the existing compensation schemes. One option considered by the BSSG is the introduction of a flat weekly payment for each full seven day period of access loss; the weekly payment rate could, for example, be set at £100 /MW (i.e. £100 per week for each MW affected by the access loss). This compensation could be limited to four weeks

Question 10: Do you think that additional compensation for loss of access (e.g. flat weekly rate) should be paid over and above the existing compensation levels? Please provide rationale.

Summary of responses to Question 10

Yes	No	Other
4	4	

Four respondents did not support an additional compensation period; one commented that it would be a type of mutual insurance mechanism paid for by the wider community. One respondent commented that the introduction of an ad-hoc payment that has no rationale would be creating an inappropriate precedence for compensation payments.

Four respondents were supportive of an additional compensation mechanism. One respondent commented that for an extended loss of access a generator would need to manage a forward position on a weekly basis, and an additional payment should be paid to facilitate this trading activity, capped at a maximum of four weeks. A second respondent thought it appropriate to compensate the generator for the value of its lost opportunity together with the ongoing additional administrative and transaction costs of re-balancing its position.

Question 11 was linked to question 10 and asked:

a) Do you think that 100/MW/Week for each full 7 day period of access loss is appropriate?
b) Do you think that the compensation rate in Q11 (a) should be limited to 4 weeks?
c) Do you feel other values/timescales (other than those in mentioned in questions 11a and 11b) would be more appropriate? Please provide rationale.

Most responded in general terms to this question, hence the reason the summary table does not shown responses for each individual question.

Summary of responses to Question 11

Generally in favour	Generally in disagreement	Other
2	4	2

The four respondents (in Question 10) who did not support an additional compensation period were also unsupportive of the proposal in Question 11. In addition to these four, there were two respondents who were also not supportive of Question 11. One of these two respondents felt that the value should be related to the costs generators face on a cost by cost basis and also felt that consideration should be given to post event compensation when plant had been damaged as a result of the disconnection. The second respondent was supportive of the principle of additional compensation however felt there needed to be more rationale behind the numbers. These two respondents are shown in the 'other' category in the summary table above.

Two respondents were supportive of the changes proposed in Question 11. One agreed that the additional payments, based on the MW lost, should not be open ended and should be capped at four weeks whilst the second respondent felt the level of additional compensation should be technology specific and cover a renewable generators lost income under the renewable support mechanism. This respondent also commented that there did not appear to be any reason to limit compensation to four weeks and questioned who should be responsible for the cost of providing compensation.

2.7 Recovery of costs by National Grid

National Grid currently recovers the costs associated with compensation payments for access loss via TNUoS charges. These costs are recovered from users on a pass-through basis.

The BSSG noted that Ofgem has previously[9] (2007) decided against an incentive scheme due to the limited information that has been available for historical claims. However, the BSSG also noted Ofgem's views that, in the longer-term, an incentive-based mechanism could be beneficial to minimise the frequency and duration of disconnection from the transmission system.

Question 12: Do you think that Transmission Owners and System Operators should be incentivised to minimise loss of transmission access and associated costs? Please provide rationale.

Summary of responses to question 12

Yes	No	Other
7	2	

Two respondents were not supportive of the proposal in Question 12. One commented that the Transmission Licence should be sufficient to ensure that generation is not disconnected except in exceptional circumstances. The second respondent felt an incentive mechanism would simply add to the cost of transmission although they felt that a mechanism which relied on payments for underperformance rather than licence enforcement action may have some merit.

A total of six respondents were in support of incentives. Two of these thought incentives should be developed as part of the price control arrangements. One respondent thought incentives were appropriate as National Grid is incentivised to minimise demand, and that this should also apply to generation. One respondent while supporting the principle noted their support would depend on the actual incentive structure. One respondent commented that when the operator could have been in control of an outage they should be incentivised but not otherwise (i.e. act of god).

2.8 Obligations on both users to raise claims and National Grid to investigate claims within a defined period.

The compensation process for temporary physical disconnections is specified in Section 5.10 of the CUSC. This section states that the interruption payment will be made within 28 days following the date of agreement as to the value of the claim.

The CUSC, however, does not specify any timescales within which a user has to submit a claim, or National Grid has to confirm the validity of such a claim. In addition, the CUSC does not specify a minimum value of a claim.

Question 13 had five sub-questions and asked for views on the introduction of some timescales for the CAP48 process.

Question 13 asked:

a) Do you think that users should be required to raise claims within 30 days (or other period) of an incident?

b) Do you think a body other than National Grid would be more appropriate to determine the validity of a claim?
c) If not National Grid, who do you think should determine the validity of a claim?
d) Do you think National Grid/ other body should be required confirm the validity of a claim within 60 days (or other period) of receipt.
e) Do you think a minimum claim value of £5,000 (or other amount) would be appropriate? Please provide rationale.

Summary of responses to Question 13a

Yes	No	Other
5	0	3

Five respondents supported the introduction of a 30 day limit to raise claims, the other three respondents supported the introduction of a time limit but questioned whether a limit longer than 30 days was more appropriate.

Summary of responses to Question 13b

Yes	No	Other
2	4	1

Four respondents thought National Grid the most appropriate party to determine the validity of a claim. One of these four noted that in the event of a dispute a disagreement can be raised with the authority. Another noted that claims arise infrequently and in the event of disagreement CUSC dispute provisions can be used.

Three respondents did not feel that National Grid should be responsible for determining the validity of claims; one of these three favoured a two stage process, the initial stage to be administered by National Grid with an appeal stage administered by an expert industry panel. The two stage process was felt to minimise costs (this response has been allocated to the 'other' column in the table above).

Summary of responses to Question 13c

National Grid	CUSC	Two stage process
4	2	1

Two respondents were in favour of a body other than National Grid determining the validity of claims. Both favoured the CUSC panel, in one case modelled on the Fuel Security Code exceptional cost compensation claims arrangements.

Summary of responses to Question 13d

Yes	No	Other
2	1	4

Two respondents were in favour of a 60 day limit on the resolution of claims. One respondent did not agree with a time limit because some claims can be complex.

Four respondents did not explicitly support a 60 day resolution limit. In two cases they supported the same time limit as a user had to raise a claim; in the other two cases they supported reasonable, clearly defined, timescales.

Summary of responses to Question 13e

Yes	No	Other
3		4

Three respondents supported a minimum claim limit of £5,000. Four respondents supported a minimum claim limit; two did not specify at which level it should be set whilst two respondents suggested limits of £10,000 and £25,000.

2.9 Impact of Project TransmiT

Question 14 asked: Do you think that the review of the compensation arrangements for loss of transmission access should be delayed until the completion of Project TransmiT?

Summary of responses to Question 14

Yes	No	Other
0	8	0

All eight respondents to this question did not feel that the review should be delayed because of Project TransmiT.

2.10 Any other comments

Question 15 asked: Are there any other comments you wish to raise?

Three respondents raised some additional comments, shown below:

> "We believe that the methodology for loss of transmission access should be reviewed in the light of the information transparency arrangement for transmission outages proposed under the REMIT proposals. These should include, for example, a requirement on the TOs/SO to publish information on transmission outages including reasons for such outages and expected duration. It is expected that the information would relate to loss of transmission access for individual power station."

> "We believe the principles of compensation and trigger levels need to be agreed to ensure that these compensation arrangements cover the industry's expectations and minimise their commercial exposure. We believe that once this is done then the actual compensation arrangement will be easier to implement and administer. Another consideration is whether these arrangements should also cover compensation to cover

plant damage as a result of physical disconnection. This ex-post compensation was discussed at the BSSG meetings and we note that it has not been included in the consultation however we believe it should be developed further either as part of these arrangements or separately."

"Consideration of compensation for loss of transmission access should include consideration of aligning compensation for loss arising from the issue of Emergency Instructions where compensation is only payable up to Gate Closure at Bid price with no compensation for subsequent periods. As outlined in Q1, compensation to generators eligible to receive ROCs and LECs should include the value of lost income from these sources in addition to the energy value. Resolution of this should be taken forward as a priority. Further clarification is required on the correct and reasonable approach that should be adopted where an interruption is deemed by National Grid to come under the exclusion provisions of a generator's BCA where the generator's connection arrangement is non-standard or non-compliant. Consideration should be given to the suitability of the arrangements for the growing offshore electricity generation industry."

3 Conclusions / Recommendation

The BSSG has agreed to raise a number of modifications; these are attached as Annex 4

Deleted: To be discussed at the BSSG.

4 Individual Responses

The individual responses (non-confidential) are shown below from the following organisations:

- Centrica
- Drax Power Limited
- EDF Energy
- E.ON
- International Power
- Renewable UK
- RWE
- Scottish Power Generation, Scottish Power Renewables
- SSE

1 APPENDIX F: Response Proforma

National Grid invites responses to this consultation by 21st October 2011. The responses to specific consultation questions (summarised below) or any other aspect of this consultation can be provided by completing the following proforma.

The proforma is also available as a word document.

Please return the completed proforma to tariq.hakeem@uk.ngrid.com.

Company Name:	Centrica
Respondent:	Sarah Owen
Contact Number:	07979 566011 / 01753 431052
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response (Y/N)	Rationale
1	Do you think Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144) compensation, such that the compensation up to the BM Window is paid at System Buy Price (SBP) rather than Market Index Price (MIP)?	Y	It is important that consistency is applied to all forms of disconnection from the Transmission system. We can see no reason why both forms of disconnection (CAP48 & CAP144) should not be aligned, and agree that SBP should be used up to the BM Window.
2	Do you think the scope of Temporary Physical Disconnection compensation should be expanded to include situations where disconnection is, in part, down to a users internal station configuration? Please provide rationale.	Y	If National Grid trips off a generator then compensation should be paid for loss of transmission access. We suggest that it would be almost impossible for a judgement to be made on whether an operator at a specific site was operating in a reasonable and prudent manner. We further suggest that this reduces the transparency of the process and is detrimental to stations that have been tripped off but are deemed to

No	Question	Response (Y/N)	Rationale
			not be acting in a prudent manner.
3	Do you think islanding impacting multiple sites at different geographical locations, when a partial system shutdown has not been declared should be excluded from loss of access compensation? Please provide rationale.	Y	We think that the islanding described will generally allow continued operation with BM instructions being made to balance the smaller islands. It therefore seems pragmatic that this is excluded from compensation arrangements.
4	Do you think an initial compensation period of up to 24 hours for transmission access loss is sufficient? Please provide rationale.	N	Generally speaking generators will have traded their power ahead for a longer period of time than 24 hours. We suggest that loss of access compensation should go some way to compensating a generator that is left as a distressed buyer to fulfil their traded contracts.
5	Do you think an initial compensation period of up to 36 hours for transmission access loss would be more appropriate? Please provide rationale.	Y	We support the 36 hour timeframe for compensation, as we believe this is a more realistic timeframe to cover the period that generators are likely to have traded their power ahead for.
6	Do you think an additional compensation period following restoration of transmission access is appropriate? Please provide rationale.	N	We do not support the introduction of additional compensation payments for generator re-synchronisation. All generators will have different re-synchronisation periods and to attempt to determine levels for this (even on a technology basis) will be virtually impossible.
7	Do you think the additional period should be technology or non-technology specific (e.g. same compensation	N	Please see answer to Question 6 above

No	Question	Response (Y/N)	Rationale
	periods for wind and nuclear plants)? Please provide rationale.		
8	Do you think that the current compensation based on the higher of average or actual TNUoS charges is appropriate? Please provide rationale. .	N	We suggest that to only provide a rebate of the TNUoS payment already made should not be considered compensation where a plant has been disconnected. Plant suffers significant consumption of component life and disruption when disconnected from the transmission system. The minimum rebate in this area should be the higher of actual TNUoS paid and average TNUoS, but we suggest that the higher level of Limited Duration TNUoS would be more appropriate as this would more appropriately compensate the plant for the damage and disruption suffered.
9	Do you think that the compensation for access loss should be based on Limited Duration Transmission Entry Capacity (LDTEC) rather than the TNUoS rate? Please provide rationale.	Y	Please see answer to Question 8 above
10	Do you think that additional compensation for loss of access (e.g. flat weekly rate) should be paid over and above the existing compensation levels? Please provide rationale.	N	We do not support the adoption of an additional flat rate weekly compensation rate. We question the justification of the initial level and how this would be monitored and adjusted over time. To introduce an ad-hoc payment that has no industry basis would be creating an inappropriate precedence for compensation payments.
11	a) Do you think that 100/MW/Week for each full 7 day period of access loss is	N	Please see answer to Question 10 above

No	Question	Response (Y/N)	Rationale
	appropriate? b) Do you think that the compensation rate in Q11 (a) should be limited to 4 weeks? c) Do you feel other values/timescales (other than those in mentioned in questions 11a and 11b) would be more appropriate? Please provide rationale.		
12	Do you think that Transmission Owners and System Operators should be incentivised to minimise loss of transmission access and associated costs? Please provide rationale.	Y	We suggest that National Grid is incentivised to minimise the loss of demand and equally they should be incentivised for minimising the loss of generation and associated costs of this loss.
13	a) Do you think that users should be required to raise claims within 30 days (or other period) of an incident? b) Do you think a body other than National Grid would be more appropriate to determine the validity of a claim? c) If not National Grid, who do you think should determine the validity of a claim? d) Do you think National Grid/ other body should be required confirm the validity of a claim within 60 days (or other period) of receipt. e) Do you think a	Y N Y	We agree that users should be required to raise claims within a set timeframe, but would suggest that within 60 days of an incident is more appropriate. We support that National Grid should be responsible for determining the validity of claims; however, we suggest that this should be an open and transparent process and that an appeals system should be introduced. We support the introduction of a timescale for National Grid to determine the validity of a claim. For consistency we suggest this should be the same as the time period allowed to raise a claim after an incident has taken place so support 60 days (if 60 days is adopted for

No	Question	Response (Y/N)	Rationale
	minimum claim value of £5,000 (or other amount) would be appropriate? Please provide rationale.	Y	users to raise claims). We support the adoption of a minimum claim value. We suggest that £5000 is a little on the low side and would suggest £10,000 is a more appropriate threshold.
14	Do you think that the review of the compensation arrangements for loss of transmission access should be delayed until the completion of Project TransmiT?	N	We can see no reason to delay the review of compensation payments unless the completion of Project TransmiT.
15	Are there any other comments you wish to raise?	N	

Drax Power Station • Selby • North Yorkshire • YO8 8PH • T. +44 (0)1757 618381 • F. +44 (0)1757 618504

FAO Tariq Hakeem
National Grid Electricity Transmission Ltd
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

21 October 2011

Dear Tariq,

Consultation on the compensation methodology for loss of transmission access

Drax Power Limited ("Drax") is the operating subsidiary of Drax Group plc and the owner and operator of Drax Power Station in North Yorkshire. In March 2009, Drax acquired an electricity supply business, Haven Power Limited ("Haven"); Haven supplies over 32,000 small and medium sized business customers and provides an alternative route to market for some of Drax's power output.

The consultation document sets out the background for two compensation regimes that were introduced under CAP48 (compensation for notified and unplanned loss of access) and CAP144 (compensation for de-synchronisation under emergency de-energisation instructions). The document goes on to detail potential amendments to these compensation arrangements that have been developed by the BSSG, which are believed to provide a more appropriate compensation regime for generators affected by a loss of transmission access. This response focuses on the overriding principles that should apply to generator compensation arrangements for loss of transmission access.

It is Drax's view that, in the event of a loss of transmission access, a generator should not be compensated on the basis of Transmission Network Use of System (TNUoS) charges. Rather, a generator should be compensated for the loss of the earnings from the wholesale power market that it would otherwise have achieved, had access to the transmission system been available.

In the event that at the day-ahead stage before 16:00hrs National Grid informs a generator that there will be a loss of access to the transmission access, generators are currently only refunded their TNUoS charge for the duration of the fault. If National Grid provides notification at the day-ahead stage after 16:00hrs, generators receive both a refund on their TNUoS charge and the Market Index Price (MIP) for the impacted capacity. However, the latter (MIP) is only received during the first 24 hours of the fault.

The financial impact of a long duration fault that prevents a generator from exporting power is serious, particularly for single site generators that are unable to mitigate a proportion of the risk via alternative plant within a generation portfolio. The effect of the network outage is, by definition, not the fault or the responsibility of the generator. As such, it is questionable why, in this situation, the notice provided should determine whether or not a generator receives recompense for loss of earnings in the wholesale market.

Drax contends that the generator should be compensated for the value of lost opportunity (i.e. energy and ROCs) in such an event, regardless of whether the notice is provided prior to or within eight hours of the relevant calendar day. Compensation should be paid for as long as the fault is preventing the generator from accessing the transmission system i.e. compensation should not be time limited. This could be achieved by treating loss of access on a similar basis to system constraints, where typically a generator is unable to export volume and the System Operator takes appropriate action in the Balancing Mechanism to ensure network stability. The loss of transmission access is essentially a localised constraint that is imposed by the network.

In addition, the market price at which the generator is forced to purchase power to cover its loss of access may be substantially different to the price achieved for the original forward power sale(s). Any differential in market prices between the original sale and the purchase associated with the loss of transmission access should be compensated. Again, this could be achieved by accepting bids from the generator via the Balancing Mechanism.

Drax also notes that under the current compensation arrangements, generators located in negative TNUoS zones receive compensation equal to the industry average value of TNUoS. This results in these generators effectively receiving a 'double payment', in that they receive a compensation payment *in addition* to receiving a negative TNUoS payment. Drax believes that this arrangement is unjustified and potentially discriminatory.

Finally, Drax notes that any compensation paid by National Grid under CAP48 and CAP144 is recovered from other transmission users. Moreover, there is currently no specific incentive mechanism within transmission companies' price controls, which would incentivise providers of transmission services to minimise loss of transmission access. Drax is of the view that the current arrangements do not provide sufficient financial incentives on National Grid to minimise loss of transmission access for users. Such incentives would reduce the probability of loss of transmission access and thus lower the likelihood of future compensation payments.

If you would like to discuss any of the views expressed in this response, please feel free to contact me.

Yours sincerely,

By email

Cem Suleyman

Regulation and Policy
Drax Power Limited

1 APPENDIX F: Response Proforma

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The proforma is also available as a word document.

Please return the completed proforma to tariq.hakeem@uk.ngrid.com.

Company Name:	EDF Energy
Respondent:	John Costa
Contact Number:	020 3126 2324
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response (Y/N)	Rationale
1	Do you think Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144) compensation, such that the compensation up to the BM Window is paid at System Buy Price (SBP) rather than Market Index Price (MIP)?	Yes	We agree that the compensation arrangements under CAP48 and CAP 144 are similar apart from compensation up to the BM window. Under CAP144 this is paid at System Buy Price (SBP) rather than Market Index Price (MIP) and we agree that compensation under CAP48 should be aligned with CAP144 rather than vice-versa. We note that CAP48 was raised 4 years before CAP144 and that had it been raised today it would most likely be aligned with CAP144.
2	Do you think the scope of Temporary Physical Disconnection compensation should be expanded to include situations where disconnection is, in part, down to a users internal station configuration? Please provide rationale.	No	The basis of these arrangements is to provide compensation to generators from being interrupted from generating due to the loss of NG's transmission system. This therefore applies where a generator is prevented from both exporting to and importing from the Transmission System and their internal station configuration is not likely to be relevant if it's the external connection to the transmission system which is interrupted. We note that the

No	Question	Response (Y/N)	Rationale
			majority of generation capacity in the GB market was built pre-1990 and was designed pre-network codes. These stations and their compliant configurations should be allowed to stand if there is going to be a standard applied going forward as the costs of retrofitting are not likely to benefit consumers. The current CUSC is clear that a relevant interruption is where a BMU is de-energised solely due to a problem on NG's transmission system. It is not clear that the configuration of a user's internal station is part of this test to decide whether a relevant disconnection is eligible for compensation or not. Such a clause is not written in either the CUSC or the Grid Code and it is not clear where this extra consideration (leading to Question 2 of this consultation) emanates from or if it has arisen due to different interpretation of the codes. If there is a view that station configuration should be taken into account then we would need to see a logical and robust rationale for that view. This would need to include the types of system configuration which would or would not be accepted, in what circumstances and why. Each case should be assessed on its own merits and included in this assessment might be whether the generator was operating in a reasonable and prudent manner. This has been discussed at the Balancing Services Standing Group (BSSG) meetings. If NG has a view of what they would expect as a reasonable and prudent operator then we would welcome their view. Generators do not wish to be disconnected from the system and rely on

No	Question	Response (Y/N)	Rationale
			a firm and continuous supply and connection to NG's transmission system. For example, a generator may have taken its station transformer out for maintenance and diligently communicated this to NG under its OC2 data obligations. However, a temporary fault on NG's transmission system could still occur and disconnect the generator. We believe the generator should expect to be eligible for compensation in this instance. We note there are examples where NG has paid compensation to interrupted generators but not to others under what seem to be the same conditions and station configuration. More clarity of this difference in treatment is needed.
3	Do you think islanding impacting multiple sites at different geographical locations, when a partial system shutdown has not been declared should be excluded from loss of access compensation? Please provide rationale.	Yes	We agree with the discussions and findings of the BSSG group that multiple sites at different geographical locations as part of an islanding effect should be excluded from claiming compensation. The costs of this could be significant and would not be in the consumer's interest.
4	Do you think an initial compensation period of up to 24 hours for transmission access loss is sufficient? Please provide rationale.	No	The principle of compensating generators for loss of connection to the Transmission System is to minimise their commercial (energy contract) exposure experienced due to the disconnection. The exact return time for a generator (post-disconnection) will depend on many variables including plant dynamics. It is likely that in some cases the return time will greatly exceed 24 hours. We therefore believe that the period eligible for compensation should be decided under each individual claim and on a case by case basis. The eligibility period could

No	Question	Response (Y/N)	Rationale
			be related to plant dynamics (possibly with a cap) rather than being limited to the time the Transmission system was unavailable. For example, if NG's transmission system was out-of-service for 2 hours but it took a station operator 36 hours to resume normal commercial operation then the relevant compensation period would be 36 hours.
5	Do you think an initial compensation period of up to 36 hours for transmission access loss would be more appropriate? Please provide rationale.	Not necessarily.	As stated above, the period should try to ensure the generator is kept commercially protected during the time it was both disconnected and during the period it took to return to normal service (operating, of course, as a reasonable and prudent operator). The test should investigate that it did all it could to return to service as soon as reasonably possible. We agree this period cannot be open ended but it should be long enough to cover a range of station dynamics. A cap of perhaps 4 to 5 days might be reasonable. The level of compensation would need to be discussed. However we believe that SBP should be paid for longer than just the bid window especially where there has been a large loss. This might bridge the gap between actual SBP and the average traded price (MIP); the latter might be different to the price at which the generator is exposed. There are many compensation options. For instance there could be a volume threshold where a loss of 1000MW or more might receive SBP for a small number of hours followed by MIP. This might be more reflective of energy replacement costs for that period rather than MIP which has traded over a much longer period and is an average price.

No	Question	Response (Y/N)	Rationale
6	Do you think an additional compensation period following restoration of transmission access is appropriate? Please provide rationale.	Yes	As stated above NG should continue to offer compensation for the period necessary that a reasonable and prudent operator needs to return to the same level of commercial service it was running at before it was disconnected. However, the level of compensation should act as incentive so that generators are encouraged to return to full operation as soon as is reasonably practicable.
7	Do you think the additional period should be technology or non-technology specific (e.g. same compensation periods for wind and nuclear plants)? Please provide rationale.	No	No, the additional period should not be technology specific but should be based on the time a reasonable and prudent operator (given plant dynamics at the time) took to come back on line. Again, the principles should be what would be expected as a reasonable and prudent operator of that plant to return back to normal operating service/level.
8	Do you think that the current compensation based on the higher of average or actual TNUoS charges is appropriate? Please provide rationale. .	Yes	It should continue be paid on the higher of actual or average.
9	Do you think that the compensation for access loss should be based on Limited Duration Transmission Entry Capacity (LDTEC) rather than the TNUoS rate? Please provide rationale.	Yes	Yes, but only for the portion of LDTEC above the permanent TEC level.
10	Do you think that additional compensation for loss of access (e.g. flat weekly rate) should be paid over and above the existing	Yes	Yes, we believe there should be an additional compensation for periods where the Transmission system is down for more than 1 week or 7 day period.

No	Question	Response (Y/N)	Rationale
	compensation levels? Please provide rationale.		
11	a) Do you think that 100/MW/Week for each full 7 day period of access loss is appropriate? b) Do you think that the compensation rate in Q11 (a) should be limited to 4 weeks? c) Do you feel other values/timescales (other than those in mentioned in questions 11a and 11b) would be more appropriate? Please provide rationale.	No	a)It should be related to the costs generators face on a case by case basis. For some generators £100/MW/Week could create a windfall whereas for others it could be less than their costs incurred. We believe that in such circumstances the fee should cover at least the minimum costs. b) Yes, it can be limited to 4 weeks however consideration needs to be given to any post compensation claims where plant or equipment has been damaged as a result of the disconnection. We have made some additional comments on this below. c) There may be cases following damage to plant or equipment from a disconnection where a generator may be off for more than 4 weeks and may incur costs higher than stated in 11a. These points were raised in the BSSG meetings and we believe they should be discussed and developed further.
12	Do you think that Transmission Owners and System Operators should be incentivised to minimise loss of transmission access and associated costs? Please provide rationale.	Yes	We note that the issue of incentives is being developed as part of the RIIO Price Control. One of the key outputs of this will be transmission system reliability. As a generator we value access to the transmission system both to export our electricity and to ensure the safe operation of our plants. It would therefore appear appropriate for NG to be incentivised in the area of system reliability so that they are incentivised to minimise the loss of transmission access.
13	a) Do you think that users should be required to	Yes	a) We believe 30 days is sufficient.

No	Question	Response (Y/N)	Rationale
	raise claims within 30 days (or other period) of an incident? b) Do you think a body other than National Grid would be more appropriate to determine the validity of a claim? c) If not National Grid, who do you think should determine the validity of a claim? d) Do you think National Grid/ other body should be required confirm the validity of a claim within 60 days (or other period) of receipt. e) Do you think a minimum claim value of £5,000 (or other amount) would be appropriate? Please provide rationale.	Yes Yes Yes	b/c) We believe that NG could administer the first stage of a claim to see if it is eligible to minimise industry costs. However we believe an appeal body should be set up where parties do not agree with NG's decision. An appeal body could consist of an elected industry panel of experts to minimise costs. d) We believe 60 days for NG to confirm the validity of a claim is sufficient. e) We believe £5,000 is an appropriate level as a minimum claim value.
14	Do you think that the review of the compensation arrangements for loss of transmission access should be delayed until the completion of Project TransmiT?	No	We do not see any reasons why the development of these compensation arrangements should be delayed to fit in with Project TransmiT.
15	Are there any other comments you wish to raise?		We believe the principles of compensation and trigger levels need to be agreed to ensure that these compensation arrangements cover the industry's expectations and minimise their commercial exposure. We believe that once this is done then the actual compensation arrangement will be easier to implement and administer.

No	Question	Response (Y/N)	Rationale
			Another consideration is whether these arrangements should also cover compensation to cover plant damage as a result of physical disconnection. This ex-post compensation was discussed at the BSSG meetings and we note that it has not been included in the consultation however we believe it should be developed further either as part of these arrangements or separately.

EDF Energy
October 2011

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Please return the completed proforma to tariq.hakeem@uk.ngrid.com.

Company Name:	E.ON
Respondent:	Guy Phillips
Contact Number:	024 76 183531
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response (Y/N)	Rationale
1	Do you think Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144) compensation, such that the compensation up to the BM Window is paid at System Buy Price (SBP) rather than Market Index Price (MIP)?	Y	The arrangements for emergency de-energisation under CAP144 provide slightly more protection to users than those under CAP048 for unplanned access. Under CAP048 unplanned access can be split into notified loss of access after 16.00 the day before and tripping from the network. It is arguable that a trip at least should have similar compensation to, if not more Compensation than, an emergency de-energisation under the arrangements, as a trip could cause more damage or stress to a plant than an instructed de-load. Using MIP for the rate at which compensation is paid means that a generator could find itself undercompensated when SBP is the main imbalance price for the periods affected. Therefore, using SBP for both circumstances would appear to be the correct solution to adopt. For interruptions notified after 16.00 day

No	Question	Response (Y/N)	Rationale
			ahead, the closer the notification is to the settlement periods affected the more it looks like an emergency instruction. It would seem appropriate to adopt the same approach to compensation as the other two instances of unplanned outage, as any other threshold would appear to be arbitrary. Additionally, those parties without 24hour trading functions would find it difficult to trade out an imbalance which was given in these timescales even if the notice was given several hours before the affected periods.
2	Do you think the scope of Temporary Physical Disconnection compensation should be expanded to include situations where disconnection is, in part, down to a user's internal station configuration? Please provide rationale.	Y (In principle)	We can see the logic for the inclusion of these types of situation, although the key challenge is in defining the circumstances under which compensation would be payable. The two stage test proposed again seems fine in principle. However, given the room for interpretation, we are concerned that this may increase the costs of settling claims.
3	Do you think islanding impacting multiple sites at different geographical locations, when a partial system shutdown has not been declared should be excluded from loss of access compensation? Please provide rationale.	N	Total Shutdowns or Partial Shutdowns are classed as Allowed Interruptions, as in these circumstances the Black Start arrangements come into force and provisions of Section G3 of the BSC take effect such as suspension of the BM, the imposition of a single imbalance price and the availability of a specific compensation mechanism under G3.3 of the code. Therefore, it would be inappropriate to provide another compensation mechanism through the CUSC in these circumstances. If a Shutdown has not been declared it is not clear that any compensation mechanism is available other than

No	Question	Response (Y/N)	Rationale
			provided through CAP48 or CAP144. Therefore, they are not similar situations commercially, even if the physical characteristics may be alike.
4	Do you think an initial compensation period of up to 24 hours for transmission access loss is sufficient? Please provide rationale.	Y	The rationale for the initial compensation period for unplanned interruptions is to allow the affected parties time to trade out their imbalance position. It is not clear that this is any more difficult now than was the case when CAP048 and CAP144 were approved and implemented.
5	Do you think an initial compensation period of up to 36 hours for transmission access loss would be more appropriate? Please provide rationale.	N	See above.
6	Do you think an additional compensation period following restoration of transmission access is appropriate? Please provide rationale.	Y	Possibly, as long as the total period allowed does not exceed 24hours. If this is the time required to trade out of the imbalance position caused, then the owner of the station concerned should be in a position to take the additional time to re-synch into account as it continues trading half hour by half hour thereafter.
7	Do you think the additional period should be technology or non-technology specific (e.g. same compensation periods for wind and nuclear plants)? Please provide rationale.	Y	If introduced, it should take account of the specific re-synch times of the particular generating unit.
8	Do you think that the current compensation based on the higher of average or actual TNUoS charges is appropriate?	N	Compensation of TNUoS is not really compensation as such, but is more of a token payment. That said, any greater amounts will have to be underwritten by

No	Question	Response (Y/N)	Rationale
	Please provide rationale. .		other transmission users. In this respect the arrangements can be seen as a mutual insurance mechanism arranged centrally by National Grid. Therefore, we would be wary about the compensation level increasing by too much, as this might be more efficiently provided through the purchase of business interruption insurance or by parties choosing to self insure.
9	Do you think that the compensation for access loss should be based on Limited Duration Transmission Entry Capacity (LDTEC) rather than the TNUoS rate? Please provide rationale.	N	In our answer to Q8 we explain that we do not see repayment of a pro rate TNUoS charge as an appropriate compensation mechanism and more of a token payment. Similarly, therefore LDTEC does not appear to be an appropriate rate although it would result in a higher payment which is likely to be a move in the right direction. The high initial charges for LDTEC were introduced so as to be consistent with the charging for STTEC. These in turn were set higher than a pro rata TNUoS charge so that TEC would not be undermined as the primary access product by the shorter term access products. Unfortunately, we are not convinced that the same logic applies to compensation for the removal of access rights.
10	Do you think that additional compensation for loss of access (e.g. flat weekly rate) should be paid over and above the existing compensation levels? Please provide rationale.	N	The logic behind the compensation does not appear to be strong particularly as it would simply be paid by the wider user community. As with our answer to Q8, we are concerned that increasing levels of compensation would simply be seen as a mutual insurance mechanism which may be better provided through other means.
11	a) Do you think that 100/MW/Week for each	N	Given our response to Q10 it would be

No	Question	Response (Y/N)	Rationale
	full 7 day period of access loss is appropriate? b) Do you think that the compensation rate in Q11 (a) should be limited to 4 weeks? c) Do you feel other values/timescales (other than those in mentioned in questions 11a and 11b) would be more appropriate? Please provide rationale.		inappropriate to respond on this.
12	Do you think that Transmission Owners and System Operators should be incentivised to minimise loss of transmission access and associated costs? Please provide rationale.	N	We have always been wary of rewarding companies for acting in accordance with their licences. Therefore an incentive mechanism which did so would risk simply adding to the cost of transmission. However, a mechanism which relied on payments for underperformance rather than licence enforcement action may have some benefits.
13	a) Do you think that users should be required to raise claims within 30 days (or other period) of an incident? b) Do you think a body other than National Grid would be more appropriate to determine the validity of a claim? c) If not National Grid, who do you think should determine the validity of a claim? d) Do you think National Grid/ other body should be required confirm the validity of a claim within		a) Yes. A deadline would be appropriate although 30 days may be too short. b) No. These mechanisms should be used infrequently. Therefore, it doesn't seem appropriate to put in place arrangements with a third party to administer them. If there is a disagreement as to the validity of a claim, then the CUSC disputes provisions can be used as now. c) Not applicable. d) If there is a deadline for claiming then a similar deadline should be adopted for validating the claim. e) A minimum claim value would be appropriate so as to avoid the pursuit of

No	Question	Response (Y/N)	Rationale
	60 days (or other period) of receipt. e) Do you think a minimum claim value of £5,000 (or other amount) would be appropriate? Please provide rationale.		trivial claims.
14	Do you think that the review of the compensation arrangements for loss of transmission access should be delayed until the completion of Project TransmiT?	N	Although the arrangements may need to be reviewed if charging methodologies are significantly changed (such as the introduction of a £/MWh charge).
15	Are there any other comments you wish to raise?	N	

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The proforma is also available as a word document.

Please return the completed proforma to tariq.hakeem@uk.ngrid.com.

Company Name:	International Power
Respondent:	Simon Lord
Contact Number:	01244 504601
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response (Y/N)	Rationale
1	Do you think Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144) compensation, such that the compensation up to the BM Window is paid at System Buy Price (SBP) rather than Market Index Price (MIP)?	Yes	Simplification and understanding will be improved
2	Do you think the scope of Temporary Physical Disconnection compensation should be expanded to include situations where disconnection is, in part, down to a users internal station configuration? Please provide rationale.	Current situation clarified.	If a PS is disconnected as a result of a loss of a transmission circuit then compensation should be paid. In situations where the loss of a transmission circuit would not result in the loss of the station **but** for an outage condition at the station (e.g backup station transformer) compensation should not be paid. NG will take account of the station design at the planning stage.

No	Question	Response (Y/N)	Rationale
3	Do you think islanding impacting multiple sites at different geographical locations, when a partial system shutdown has not been declared should be excluded from loss of access compensation? Please provide rationale.	Yes	Black start situations are excluded from this type of compensation and should be considered under BSC provisions.
4	Do you think an initial compensation period of up to 24 hours for transmission access loss is sufficient? Please provide rationale.	No	Compensations is insufficient to cover the risk. After a fault it can be up to 12 hours before NG indicate how long the failure might last only after this can a PS take action to trade out of a physical position. This can take a up to 24 hours (depend on the time of notification thus 24 hrs is not sufficient
5	Do you think an initial compensation period of up to 36 hours for transmission access loss would be more appropriate? Please provide rationale.	Yes	See above
6	Do you think an additional compensation period following restoration of transmission access is appropriate? Please provide rationale.	Yes	Compensation should be paid for a short period (1.5 hours) after restoration of supplier to allow time for the unit to synchronise.
7	Do you think the additional period should be technology or non-technology specific (e.g. same compensation periods for wind and nuclear plants)? Please provide rationale.	Yes	The same compensation should be paid irrespective of technology.

No	Question	Response (Y/N)	Rationale
8	Do you think that the current compensation based on the higher of average or actual TNUoS charges is appropriate? Please provide rationale. .	Yes	Short term TEC represents the short term value of transmission capacity. Effectively 90 % of the TNUoS charge is spread over 16 weeks. This represents an appropriate level for compensation for loss of access.
9	Do you think that the compensation for access loss should be based on Limited Duration Transmission Entry Capacity (LDTEC) rather than the TNUoS rate? Please provide rationale.	Yes	See above
10	Do you think that additional compensation for loss of access (e.g. flat weekly rate) should be paid over and above the existing compensation levels? Please provide rationale.	Yes	As NG work towards restoration of circuits the PS will need to manage a forward position on a weekly basis thus an additional payment based on MW lost should be paid to facility this trading activity. It should not be open ended and should be for a maximum of 4 weeks
11	a) Do you think that 100/MW/Week for each full 7 day period of access loss is appropriate? b) Do you think that the compensation rate in Q11 (a) should be limited to 4 weeks? c) Do you feel other values/timescales (other than those in mentioned in questions 11a and 11b) would be more appropriate? Please provide rationale.	Yes	see above

No	Question	Response (Y/N)	Rationale
12	Do you think that Transmission Owners and System Operators should be incentivised to minimise loss of transmission access and associated costs? Please provide rationale.	No	The transmission licence should be sufficient to ensure that generation is not disconnected except in exceptional circumstances.
13	a) Do you think that users should be required to raise claims within 30 days (or other period) of an incident? b) Do you think a body other than National Grid would be more appropriate to determine the validity of a claim? c) If not National Grid, who do you think should determine the validity of a claim? d) Do you think National Grid/ other body should be required confirm the validity of a claim within 60 days (or other period) of receipt. e) Do you think a minimum claim value of £5,000 (or other amount) would be appropriate? Please provide rationale.	Yes No See b) ? Yes	a) This will ensure an efficient process b) Any disagreement can be raised with the authority. d) Time limit should not be set some claims can be complex e) This is sufficient although
14	Do you think that the review of the compensation arrangements for loss of transmission access should be delayed until the completion of Project TransmiT?	NO	

No	Question	Response (Y/N)	Rationale
15	Are there any other comments you wish to raise?	No	

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Email: info@renewable-uk.com

Date: 21st October 2011

by e-mail to: tariq.hakeem@ukngrid.com

by e-mail from zoltan.zavody@renewableuk.com

Dear Mr Hakeem,

RenewableUK consultation response

Renewable UK is the trade and professional body for the UK wind and marine renewables industries. Formed in 1978, and with over 660 corporate members, RenewableUK is the leading renewable energy trade association in the UK, representing the large majority of the UK's wind, wave, and tidal energy companies.

We would like to submit a brief, general response, as follows: Compensation should be paid for loss of transmission access where generators are expecting access to be provided. This should include compensation where the loss of access is caused by planned engineering works. Compensation should reflect the full cost of disruption caused by the loss of access.

We believe Transmission Owners and System Operators should be incentivised to minimise loss of transmission access. This should be done in such a way as to encourage the network companies to proceed with necessary grid expansion and reinforcement. One way of minimising loss of access is to ensure such works are undertaken rapidly in a co-ordinated, planned way.

Although brief, I hope this is helpful for your deliberations.

Yours sincerely,

Zoltan Zavody
Grid Policy Team

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Please return the completed proforma to tariq.hakeem@uk.ngrid.com.

Company Name:	RWE
Respondent:	Bill Reed
Contact Number:	01793 893835
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response (Y/N)	Rationale
1	Do you think Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144) compensation, such that the compensation up to the BM Window is paid at System Buy Price (SBP) rather than Market Index Price (MIP)?	Yes	It is appropriate to compensate generators on a consistent basis for costs incurred in relation to unplanned outages in the BM window.
2	Do you think the scope of Temporary Physical Disconnection compensation should be expanded to include situations where disconnection is, in part, down to a users internal station configuration? Please provide rationale.	Yes	The scope of temporary physical disconnection should be expanded to include situations where disconnection is, a part, down to a users internal power station configuration. We do not believe that the internal station configuration should be used as a basis to reject compensation for temporary physical disconnection in circumstances where such disconnection is attributable to an "issue" with the GB National Electricity

No	Question	Response (Y/N)	Rationale
			Transmission System. We note that it is for a user to ensure that transmission connections are Grid Code and CUSC compliant.
3	Do you think islanding impacting multiple sites at different geographical locations, when a partial system shutdown has not been declared should be excluded from loss of access compensation? Please provide rationale.	No	We believe that instances in which part of the system become islanded without the declaration of a partial shutdown that gives rise to generator desynchronisation should be regarded as an "issue" with the National Electricity Transmission System and be compensated under the CAP48 arrangements.
4	Do you think an initial compensation period of up to 24 hours for transmission access loss is sufficient? Please provide rationale.	Yes	The initial compensation period should be 24-hours.
5	Do you think an initial compensation period of up to 36 hours for transmission access loss would be more appropriate? Please provide rationale.	No	We do not support the extension of the initial compensation period to 36 hours. We believe that the initial compensation period should remain 24-hours.
6	Do you think an additional compensation period following restoration of transmission access is appropriate? Please provide rationale.	No	We do not support additional compensation following restoration of transmission access. It is for users to manage the risks associated with resynchronisation once the network is fully and reliably restored. This will enable users to manage contract positions efficiently and economically.
7	Do you think the additional period should be technology or non-technology specific (e.g.	-	We do not support additional compensation following restoration of transmission access. However, if such compensation is paid it should be applied

No	Question	Response (Y/N)	Rationale
	same compensation periods for wind and nuclear plants)? Please provide rationale.		in a non discriminatory manner and should not be technology specific.
8	Do you think that the current compensation based on the higher of average or actual TNUoS charges is appropriate? Please provide rationale. .	Yes	We believe that the compensation should be based on the higher of average annual and actual TNUoS. This reflects that fact that users pay for access through TNUoS charges. We note that consideration needs to be given to the applicability of the current compensation arrangements given the introduction of the local/wider split to transmission charges.
9	Do you think that the compensation for access loss should be based on Limited Duration Transmission Entry Capacity (LDTEC) rather than the TNUoS rate? Please provide rationale.	No	We believe that the compensation should be based on higher of average annual and actual TNUoS. This reflects that fact that users pay for firm access through TNUoS charges. However, we believe that users that have entered into LDTEC arrangements should be compensated on the basis of a refund of LDTEC.
10	Do you think that additional compensation for loss of access (e.g. flat weekly rate) should be paid over and above the existing compensation levels? Please provide rationale.	No	We do not believe that any additional compensation should be paid for loss of access above the existing levels. We believe that compensation for users should be based on the fact that users currently pay for access through TNUoS charges.
11	a) Do you think that 100/MW/Week for each full 7 day period of access loss is appropriate? b) Do you think that the compensation rate in Q11 (a) should be limited to 4 weeks?	No	We believe that compensation for users should be based on the fact that users currently pay for access through TNUoS charges.

No	Question	Response (Y/N)	Rationale
	c) Do you feel other values/timescales (other than those in mentioned in questions 11a and 11b) would be more appropriate? Please provide rationale.		
12	Do you think that Transmission Owners and System Operators should be incentivised to minimise loss of transmission access and associated costs? Please provide rationale.	Yes	Compensation to users for loss of access should be reflected in the Transmission Owner price control arrangements and the System Operator Incentive Scheme. This will ensure that there are appropriate incentives on the TOs/SO to minimise the cost and duration of transmission outages (both planned and unplanned).
13	a) Do you think that users should be required to raise claims within 30 days (or other period) of an incident? b) Do you think a body other than National Grid would be more appropriate to determine the validity of a claim? c) If not National Grid, who do you think should determine the validity of a claim? d) Do you think National Grid/ other body should be required confirm the validity of a claim within 60 days (or other period) of receipt. e) Do you think a minimum claim value of £5,000 (or other amount) would be appropriate? Please provide rationale.		This is complex question. We believe that users should raise claims within a reasonable time period and 30-days would seem appropriate. We believe that National Grid should determine the validity of a claim within a reasonable timescale. We support the use of a de minimus limit to ensure efficiency in managing the claims process.

No	Question	Response (Y/N)	Rationale
14	Do you think that the review of the compensation arrangements for loss of transmission access should be delayed until the completion of Project TransmiT?	No	The terms of reference for Project TransmiT do not extend to the consideration of compensation for loss of access.
15	Are there any other comments you wish to raise?	Yes	We believe that the methodology for loss of transmission access should be reviewed in the light of the information transparency arrangement for transmission outages proposed under the REMIT proposals. These should include, for example, a requirement on the TOs/SO to publish information on transmission outages including reasons for such outages and expected duration. It is expected that the information would relate to loss of transmission access for individual power station.

1 APPENDIX F: Response Proforma

National Grid invites responses to this consultation by 21st October 2011. The responses to specific consultation questions (summarised below) or any other aspect of this consultation can be provided by completing the following proforma.

The proforma is also available as a word document.

Please return the completed proforma to tariq.hakeem@uk.ngrid.com.

Company Name:	ScottishPower Generation, ScottishPower Renewables
Respondent:	James Anderson
Contact Number:	0141 614 3006
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response (Y/N)	Rationale
1	Do you think Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144) compensation, such that the compensation up to the BM Window is paid at System Buy Price (SBP) rather than Market Index Price (MIP)?	Y	Although it may be worth revisiting the reasons why the arrangements are different, compensation for Temporary Physical Disconnection should be aligned with compensation for Emergency De-energisation. During the period of the BM Window the generator is unable to trade out its imbalance position and should be held whole through compensation at SBP. Moreover, generators entitled to receive ROCs and LECs based upon their output should be also compensated for the associated loss of ROC and LEC income otherwise they will be at a disadvantage to other generators who are being held whole. Our responses to the remaining questions in this Proforma assume that levels of compensation address the above points.
2	Do you think the scope of Temporary Physical Disconnection	N	The two stage test outlined in the consultation (3.2) would be appropriate for determining whether compensation

No	Question	Response (Y/N)	Rationale
	compensation should be expanded to include situations where disconnection is, in part, down to a users internal station configuration? Please provide rationale.		should be payable. Where a generator has agreed a non-standard internal plant configuration as part of its Connection Agreement and restrictions on access and compensation are clearly defined in this respect in its Bilateral Connection Agreement (BCA) then it should not be entitled to compensation for loss of access. Where such arrangements and restrictions on compensation are not defined in the BCA and the inability to generate could not have been avoided by a reasonable and prudent operator, then it should be entitled to compensation.
3	Do you think islanding impacting multiple sites at different geographical locations, when a partial system shutdown has not been declared should be excluded from loss of access compensation? Please provide rationale.	N	The overriding principle should be that generators are compensated for loss of transmission access. If a generator is not compensated under the arrangements following a partial system shutdown then it should be entitled to compensation under the Temporary Physical Disconnection arrangements.
4	Do you think an initial compensation period of up to 24 hours for transmission access loss is sufficient? Please provide rationale.	N	When a generator receives an Emergency Instruction or Emergency De-energisation Instruction it is not normally given a firm re-connection time. This uncertainty makes it difficult for the generator to decide how far forward to re-balance its position and leads to balancing for a short period ahead of Gate Closure to avoid having to unwind a position should the generator be able to re-connect earlier than anticipated. Compensation should continue beyond the initial 24 hour period to reflect the generator's uncertainty over how far forward to re-balance its position and to compensate for loss of income not

No	Question	Response (Y/N)	Rationale
			otherwise mitigated.
5	Do you think an initial compensation period of up to 36 hours for transmission access loss would be more appropriate? Please provide rationale.	Y	As discussed in our response to Q4, compensation should continue beyond the initial 24 hour period to a period consistent with the length of the overall interruption, in order that generators are compensated appropriately and the TSO and TOs are incentivised to restore the system as quickly as possible. Within this time, the System Operator should have sufficient information and be under an obligation to provide a firm indication of the time at which the generator can re-connect which will enable the generator to re-balance its forward position with a degree of certainty and thus mitigate some of the compensation due.
6	Do you think an additional compensation period following restoration of transmission access is appropriate? Please provide rationale.	Y	Generators continue to be exposed to imbalance if the period of notice of restoration of transmission access is less than the time required to return the plant output to the position notified prior to the disconnection. Compensation should therefore be provided from the time that notice is given of the restoration of transmission access up until the time that the generator can reasonably be expected to have returned to its notified position.
7	Do you think the additional period should be technology or non-technology specific (e.g. same compensation periods for wind and nuclear plants)? Please provide rationale.	Y technology specific	Different generation technologies will require different lengths of time to return to their notified physical position following the restoration of transmission access. It is therefore appropriate to provide additional compensation for a period determined by the PN and operating dynamics submitted by the plant immediately prior to disconnection and the type of generation. The value of the lost opportunity caused by the interruption differs based on technology.

No	Question	Response (Y/N)	Rationale
			For example, for the duration of the interruption, renewable generators will lose ROC and LEC income which they will be unable to recover even if they can rebalance their energy position.
8	Do you think that the current compensation based on the higher of average or actual TNUoS charges is appropriate? Please provide rationale. .	N	The current basis of compensation is unfair as it holds whole those generators whose TNUoS charge is at or higher than the average by refunding the TNUoS paid but compensates at a rate higher than that paid (i.e. a net gain) to those whose TNUoS charge is lower than the average. There is no justification for this discrimination.
9	Do you think that the compensation for access loss should be based on Limited Duration Transmission Entry Capacity (LDTEC) rather than the TNUoS rate? Please provide rationale.	Y	Subject to our response to Question 8 above, compensation at neither the TNUoS rate nor the LDTEC rate holds the generator whole for opportunity cost arising from the loss of transmission access. However, compensation at the LDTEC rate would represent the cost to the generator of securing alternative short-term transmission access.
10	Do you think that additional compensation for loss of access (e.g. flat weekly rate) should be paid over and above the existing compensation levels? Please provide rationale.	Y	When transmission access is lost for an extended period there is an ongoing cost to the generator from the lost opportunity to generate electricity – particularly in respect of renewable generators - although imbalance charges can be avoided by trading out an existing contracted position. While exposure to the generator's full opportunity cost may place a greater risk on the System Operator (SO) it is appropriate to compensate the generator for the value of its lost opportunity together with the ongoing additional administrative and transaction costs of re-balancing its position as outlined in Q11.

No	Question	Response (Y/N)	Rationale
11	a) Do you think that 100/MW/Week for each full 7 day period of access loss is appropriate? b) Do you think that the compensation rate in Q11 (a) should be limited to 4 weeks? c) Do you feel other values/timescales (other than those in mentioned in questions 11a and 11b) would be more appropriate? Please provide rationale.		a) Compensation at £100/MW/Week would not compensate a generator for its full opportunity cost but would help defray some of the additional costs of re-balancing its position. The level of this additional compensation should be technology specific. For example it should cover a renewable generator's lost income under renewable support mechanisms. b) There does not appear to be any reason to limit compensation to 4 weeks. All discussions of compensation are characterised by the issue of the nature of the affected generation (eg renewables, nuclear etc) and who should suffer the cost of providing compensation. If the SO and Transmission Owner (TO) can pass through the costs to system users then there is no incentive to limit system interruptions. If SO and TO suffer all/some of the cost then this may affect their cost of capital. An appropriate compensation and incentive scheme should be considered under RIIO-T1.
12	Do you think that Transmission Owners and System Operators should be incentivised to minimise loss of transmission access and associated costs? Please provide rationale.	Y	We believe that the SO and TOs should be incentivised to minimise loss of transmission access through optimisation of outage planning and better communication with generator users. A proportion of the compensation payable to generators (possibly subject to a cap) should be borne by the System Operator and reflected through their commercial arrangements with the Transmission

No	Question	Response (Y/N)	Rationale
			Owners. The TSO and TOs should adopt a more rigorous commercial approach to procurement of equipment and services to provide for consequential losses they might be exposed to under compensation arrangements in order that the TNUoS customer base is not unduly exposed to plant or service failure.
13	a) Do you think that users should be required to raise claims within 30 days (or other period) of an incident? b) Do you think a body other than National Grid would be more appropriate to determine the validity of a claim? c) If not National Grid, who do you think should determine the validity of a claim? d) Do you think National Grid/ other body should be required confirm the validity of a claim within 60 days (or other period) of receipt. e) Do you think a minimum claim value of £5,000 (or other amount) would be appropriate? Please provide rationale.		(a) If this approach is adopted, it should be possible for an affected user to raise an initial claim within 30 days and then provide fuller details of the claim when they are available. This second stage would then trigger the subsequent actions and obligations. However, we prefer and suggest an alternative approach under which, in the first instance, National Grid should raise proforma invoices for compensation. National Grid should raise these invoices within 30 days of the end of an interruption or, in the case of an event continuing for longer than 30 days, on a calendar month basis. The generator should then have 30 days from receipt of valid, correct invoices to dispute the amount of compensation calculated. (b, c) Compensation disputes should be referable to another body for determination. In the case of compensation under the BSC this should be the Trading Disputes Committee. In the case of compensation under the CUSC, the CUSC Panel could be mandated to hear such disputes. Ultimately, it should be possible to refer disputes to Ofgem or to pursue it through other legal routes. (d) Any disputes process should have

No	Question	Response (Y/N)	Rationale
			clearly defined processes and timescales for resolution for example as currently contained in Section W of the BSC. (e) It is difficult to set a level of materiality for claims values as this may vary according to size of the generator party involved. However, a de-minimus value would avoid over-burdening the process with small claims. On balance £5,000 may strike an appropriate de-minimis value.
14	Do you think that the review of the compensation arrangements for loss of transmission access should be delayed until the completion of Project TransmiT?	N	The conclusions from Project TransmiT (or from the Government's Electricity Market Reform project) may not be implemented for some time due to transitional issues whereas the issue of compensation for loss of transmission access is being faced by generators under the existing arrangements. Any changes to the compensation arrangements should be progressed without delay and be designed to be transferrable onto any future arrangement post Project TransmiT and/or EMR.
15	Are there any other comments you wish to raise?	Y	Consideration of compensation for loss of transmission access should include consideration of aligning compensation for loss arising from the issue of Emergency Instructions where compensation is only payable up to Gate Closure at Bid price with no compensation for subsequent periods. As outlined in Q1, compensation to generators eligible to receive ROCs and LECs should include the value of lost income from these sources in addition to the energy value.

No	Question	Response (Y/N)	Rationale
			Resolution of this should be taken forward as a priority. Further clarification is required on the correct and reasonable approach that should be adopted where an interruption is deemed by National Grid to come under the exclusion provisions of a generator's BCA where the generator's connection arrangement is non-standard or non-compliant. Consideration should be given to the suitability of the arrangements for the growing offshore electricity generation industry.

1 APPENDIX F: Response Proforma

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The proforma is also available as a word document.

Please return the completed proforma to tariq.hakeem@uk.ngrid.com.

Company Name:	SSE
Respondent:	Garth Graham
Contact Number:	01738 456000
Does this response contain confidential information? If yes, please specify.	No

No	Question	Response (Y/N)	Rationale
1	Do you think Temporary Physical Disconnection (CAP48) compensation should be aligned with Emergency De-energisation (CAP144) compensation, such that the compensation up to the BM Window is paid at System Buy Price (SBP) rather than Market Index Price (MIP)?	Yes	In our view the level of compensation (summarised in Table 1) should be aligned such that the following applies to both the CAP48 and CAP144 situations:- i) Day Ahead by 16:00 - Refund of TNUoS charges for each day or part day; ii) Day Ahead after 16:00 - MIP for impacted MW during the first 24 hours followed by a rebate of TNUoS charges for each day or part day; and iii) Unplanned (tripped) - SBP10 for impacted MW during the BM Window, followed by MIP for up to the first 24 hours, then rebate of TNUoS charges for each day or part day However, for the avoidance of doubt the two events (CAP48 and CAP144) should continue to be

No	Question	Response (Y/N)	Rationale
			defined separately.
2	Do you think the scope of Temporary Physical Disconnection compensation should be expanded to include situations where disconnection is, in part, down to a users internal station configuration? Please provide rationale.	No	We do not agree with this suggestion. In particular it would be difficult for National Grid to easily determine if a loss of access to the transmission system was due to a Users internal station configuration. There is a serious risk that if this suggestion were to be invoked that generators would be unreasonably burdened with having to prove (to National Grid's satisfaction, noting the incentive they would have to dispute all generator claims) that the loss of access to the transmission system arose from a Users internal station configuration. In our view this is unreasonable. Generators are required to comply with the Grid Code (amongst other things). Therefore as long as the generator is connected in accordance with the Grid Code (that is they are Grid Code compliant) then they should be compensated for the loss of access to the transmission system by the SO without the need to prove further 'compliance' vis their internal station configuration.
3	Do you think islanding impacting multiple sites at different geographical locations, when a partial system shutdown has not been declared should be excluded from loss of	No	In our view the loss of access to the transmission system is just that, irrespective of how local or wider that is. The generator pays for access to the transmission system and has no control of either the investment in or

No	Question	Response (Y/N)	Rationale
	access compensation? Please provide rationale.		operation of the transmission system. To discriminate between local and partial or total shutdowns would be wrong. It would also appear, on the face of it, to 'conflict' with National Grid's BSC P276 proposal which refers to equality of treatment for generators irrespective of whether its a 'local', 'partial' or 'total' shutdown.
4	Do you think an initial compensation period of up to 24 hours for transmission access loss is sufficient? Please provide rationale.	No	An initial compensation period of just 24 hours is not sufficient. This is because the loss of opportunity in the second day is not recognised. Parties tend to commit working day ahead, so this loss should be reflected in the compensation arrangements. A 36 hour period seems an appropriate compromise between these two periods.
5	Do you think an initial compensation period of up to 36 hours for transmission access loss would be more appropriate? Please provide rationale.	Yes	For the reasons outlined in Q4 above. This gives a more balanced cover to the affected generator against the risk of their (working) day ahead commitments.
6	Do you think an additional compensation period following restoration of transmission access is appropriate? Please provide rationale.	Yes	Parties need sufficient time to trade out their position. In light of this and mindful of our arguments in Q4 and Q5 above it is appropriate to provide an additional compensation period following the restoration of transmission access. In our view this should be, as a minimum, 24 hours.

No	Question	Response (Y/N)	Rationale
7	Do you think the additional period should be technology or non-technology specific (e.g. same compensation periods for wind and nuclear plants)? Please provide rationale.	No	All generators have equal rights and pay equal costs for access to the transmission system in similar locations. There is no technology differentiation within the TNUoS methodology and therefore it would be discriminatory to treat users differently (based on technology) in terms of compensation for their loss of that access.
8	Do you think that the current compensation based on the higher of average or actual TNUoS charges is appropriate? Please provide rationale. .	No	Compensation should be based on what the User has actually paid (or would have paid) for using the transmission system (and thus lost). Therefore it should be based only on the actual TNUoS paid by that generator. If it were to be based on the 'average' TNUoS then this would lead to windfall gains and losses which is (i) inefficient (ii) discriminatory and (iii) anti-competitive. For the avoidance of doubt, if the generator pays no TNUoS then they have suffered no loss so should receive no compensation after 24 (or 36) hours. Thus a generator should not receive a TNUoS 'rebate' for loss of transmission access if they don't pay TNUoS in the first place.
9	Do you think that the compensation for access loss should be based on Limited Duration	No	The application of a premium (such as that with LDTEC) is inappropriate as a generator could profit from such an arrangement.

No	Question	Response (Y/N)	Rationale
	Transmission Entry Capacity (LDTEC) rather than the TNUoS rate? Please provide rationale.		However, an exception to this would be appropriate if that generator had actually paid for LDTEC for the period in question. In this event they should be compensation such that they neither profit or lose out from the loss of transmission access.
10	Do you think that additional compensation for loss of access (e.g. flat weekly rate) should be paid over and above the existing compensation levels? Please provide rationale.	No	As noted in our answers above, affected generators should be held whole (neither profit or suffer loss) as a result of the loss of access to the transmission system, including outside the 24 / 36 hour window in terms of a rebate on TNUoS. If there is a justified claim (based on an 'open book' assessment) then this could be paid. However, additional compensation over and above the actual loss incurred would be inappropriate.
11	a) Do you think that 100/MW/Week for each full 7 day period of access loss is appropriate? b) Do you think that the compensation rate in Q11 (a) should be limited to 4 weeks? c) Do you feel other values/timescales (other than those in mentioned in questions 11a and 11b) would be more appropriate? Please provide rationale.	No	We answer 'No' to A / B / C for the reason noted in Q10 above. In our view the compensation after the 24 / 36 hour period should be based on TNUoS.
12	Do you think that Transmission Owners	Yes	In principle the TOs (the three

No	Question	Response (Y/N)	Rationale
	and System Operators should be incentivised to minimise loss of transmission access and associated costs? Please provide rationale.		onshore and all OFTOs) and SO should be incentivised to minimise the loss of the transmission system and the associated cost as this should result in an increase in the availability of the transmission system which is of benefit to all users. However, our actual support for this depends on the details of the proposed incentive arrangements.
13	a) Do you think that users should be required to raise claims within 30 days (or other period) of an incident? b) Do you think a body other than National Grid would be more appropriate to determine the validity of a claim? c) If not National Grid, who do you think should determine the validity of a claim? d) Do you think National Grid/ other body should be required confirm the validity of a claim within 60 days (or other period) of receipt. e) Do you think a minimum claim value of £5,000 (or other amount) would be appropriate? Please provide rationale.		A Yes. This ensures that claims are raised (and handled) in a timely manner which is the efficient thing to do. B Yes. C Either the CUSC or BSC Panel using (in the case of the BSC Panel, or modelled on in the case of the CUSC Panel) the Fuel Security Code exceptional cost compensation claims arrangements. D Yes. This ensures good industry practice is followed. Not handling claims in an expeditious manner is inefficient and should be avoided. E Yes. There is an administrative cost in handling claims – so a deminimus limit (of £5k) makes sense to avoid the cost of handling the claim exceeding the cost of the claim itself.
14	Do you think that the review of the compensation arrangements for loss of	No	

No	Question	Response (Y/N)	Rationale
	transmission access should be delayed until the completion of Project TransmiT?		
15	Are there any other comments you wish to raise?	No	

Annex 3 – A comparison of the compensation mechanisms for different types of disconnections

This section shows a comparison of the compensation mechanisms for different types of disconnections.

A comparison of the compensation mechanisms for different types of disconnections

nationalgrid

January 2012

1. Purpose

Following BSSG (Balancing Services Steering Group) discussions (30th November 2011) on an industry consultation regarding compensation arrangements for loss of transmission access, the BSSG requested a summary of existing compensation arrangements.

This note describes the compensation mechanisms for seven different types of loss of system access:

- Emergency Instructions[1];
- Emergency Deenergisations;
- Interruption as a result of an unplanned outage (e.g. a trip);
- Interruption as a result of a planned outage;
- System to generator operational Intertrips;
- Commercial Intertrips; and
- Partial or Total Shutdowns (Black Start).

2. Overview of current compensation mechanisms

An overview of the compensation applicable for each type of disconnection is given below; further information including a brief description of each compensation mechanism is contained in Appendices 1-7 which also show extracts from relevant codes.

2.1 Emergency Instruction[1]

This is an instruction issued by NGET in emergency circumstances under Grid Code BC2.9.2. Emergency Instructions are treated as Bid-Offer acceptances except in specific circumstances (i.e. when Black Start is invoked). Compensation under the Bid-Offer mechanism is only payable for the periods for which gate closure has occurred i.e. up to the 'wall'. Where a BM Unit does not take part in the Balancing Mechanism or Bid-Offer data is not submitted then the emergency instruction will be compensated at a zero price.

2.2 Emergency Deenergisation

This is an instruction issued by NGET in circumstances specified in the CUSC. These circumstances are detailed in Appendix 2. Compensation for an Emergency De-energisation is captured under the CUSC. The compensation depends on the duration of loss of access, as shown below:

a) Period (P1) for which gate closure has occurred: SBP * Impacted MW (for relevant settlement period)

b) Period following P1 and up to 24 hours: MIP * Impacted MW (for relevant settlement period)

c) For each day or part day the Emergency Deenergisation continues, after the initial 24 hours, is compensated by a refund of the higher of actual or average TNUoS charges.

[1] These instructions may also be used for purposes other than disconnection.

2.3 Interruption as a result of an unplanned outage (e.g. a trip)

This is an interruption with little or no notice caused by an issue/fault on the transmission system. If an interruption meets eligibility criteria (as detailed in the CUSC) compensation is payable under the arrangements set out in the CUSC. Similar to an emergency deenergisation, the compensation depends on the duration of loss of access:

a) Initial 24 hours: MIP* Impacted MW (for relevant settlement period)

b) For each day or part day the interruption continues, after the initial 24 hours, is compensated by a refund of the higher of actual or average TNUoS charges.

2.4 Interruption as a result of a planned outage

A planned outage is one notified by 16:00, day ahead. If loss of access is due to a planned National Grid outage then the compensation is payable as shown below:

> The higher of the actual TNUoS rate of an affected user or the average system TNUoS tariff is calculated. This £/MW/day rate is then multiplied by the MW arrived at by deducting from the Tranmission Entry Capacity for the site, the sum of the Connection Entry Capacity of the unaffected BM Units

2.5 System to Generator Operational Intertrips

An intertrip will disconnect generation in certain situations e.g. overload of circuits. Intertrips fall into 4 categories: 1, 2, 3 and 4 with the table below showing the type of compensation each category is entitled to.

	Capability Payment	Trip Payment	Restricted Export Payment
Category 1	✗	✗	✗
Category 2	✓	✓	✓
Category 3	✗	✗	✓
Category 4	✓	✓	✓

Category 2 and 4 intertrips are entitled to a capability payment of £1.72/settlement period and a trip payment of £400,000/trip. These values were specified in April 2005 prices and subject to indexation. The values for 2011/12 equate to a capability payment of~£37,000/year and a trip payment of ~£488,000/trip.

Category 2, 3 and 4 intertrips are also entitled to a restricted export level payment. This payment is paid if, following an intertrip, there are restrictions on the export of power from a site 24 hours after a trip occurred. The restricted export level payment is calculated as follows:

> The higher of the actual TNUoS rate of an affected user or the average system TNUoS tariff is calculated. This £/MW/day rate is then multiplied by the MW arrived at after deducting from the Transmission Entry Capacity for the site, the restricted MW export level.

Category 1 is not entitled to any compensation, this category arises from a connection variation following a request from the relevant User i.e. is user choice.

2.6 Commercial Intertrips

Commercial Intertrip schemes terms are entered into on a negotiated basis.

2.7 Partial or Total System Shutdown (Black Start)

A Partial or Total System Shutdown is were generation has totally or partially ceased and it is not possible for the partial or total shutdown area to begin to function again without NGET's directions relating to Black Start. The Grid Code definition of Total and Partial Shutdown is shown in Appendix 7.

If Black Start is implemented, normal BSC market operations are suspended.

The Black Start period runs from P1 to P3 where:

P1 represents the time and date the Total or Partial Shutdown commenced, P2 represents the date and time the Total System could return to normal operation and P3 represents the date and time the BSC Panel determine the settlement period from which normal market operations shall commence.

For the period P1 to P3, there is a single imbalance price for generators and suppliers

In addition to the single imbalance price compensation, lead parties of BM Units which have been issued Black Start instructions by National Grid may submit a compensation claim to Elexon. The Black Start compensation for a BM Unit is determined as **(A-B)**, where:

A is the amount of Avoidable Costs which the BSC Panel determines that the lead party has incurred as a result of:

> varying its Exports/Imports by amount **B**; and
>
> undertaking any other changes in the operation of the BM Unit as a result of the black start instruction; and

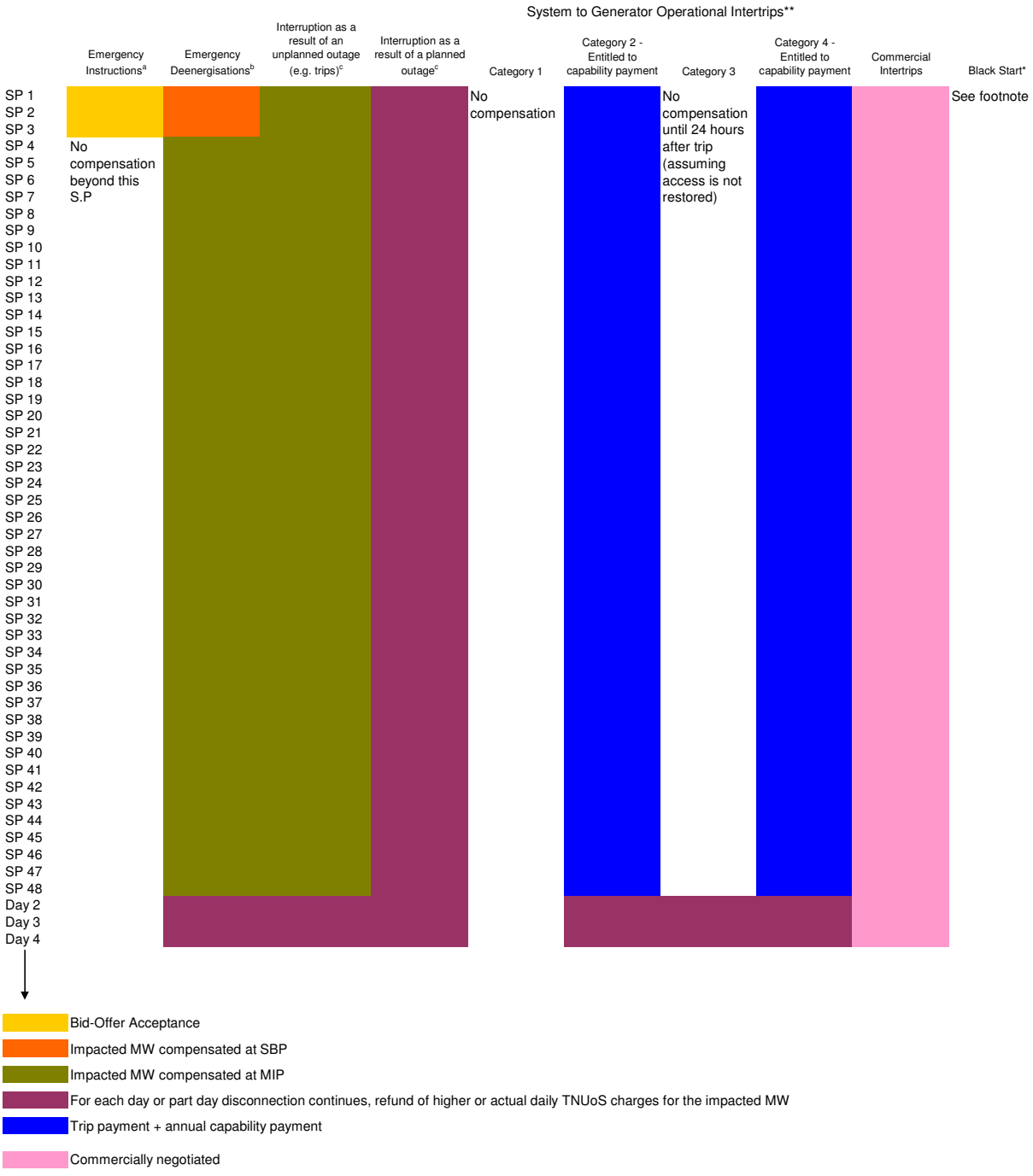
B is;

> the volume between points P1 and P3, for which the BM Unit received a black start instruction, which the BSC Panel determines is the total net change in the BM Units Exports/Imports resulting purely from the lead parties compliance with the black start instructions under the Grid Code;

multiplied by the single imbalance price applicable for the period.

Figure 1 shows a visual comparison of the seven types of loss of access listed in Section 2. The incident leading to the loss of access is assumed to occur immediately after the start of settlement period 1. Gate closure at this point is up to and including settlement period 3, i.e. no trading can be done for this period. The diagram shows what compensation is paid for the first 24 hours (assuming the disconnections last that long) and what is paid after the 24 hour period, white signifies that no compensation is paid for that period.

Figure 1: Summary of current compensation arrangements



*compensation is post event and covers the Black Start period as determined by the BSC Panel. There is a single imbalance price for the Black Start Period. In addition, generators who receive a Black Start instruction can submit a compensation claim to Elexon. The claim must be submitted in accordance with BSCG3.3 and BSCP201.

**Entitled to ABSVD, aside from category 1

a - Oct 10 to Sept 11 (inclusive) saw 32 Emergency Instruction, not all would have been eligible for payment

b - There have been no EDI that have been paid as of February 2012, 1 claim under investigation

c – 6 claims paid, 3 rejected. I planned outage claim pending payment. A number of other claims under investigation.

Appendices 1-7 contain additional information on the disconnections described earlier. The appendices contain extracts from the BSC, CUSC and the Grid Code, code extracts are shown in *italics*.

Appendix 1 - Emergency Instructions

An emergency instruction is defined in the Grid Code's glossary and definitions as:

An instruction issued by NGET in emergency circumstances, pursuant to BC2.9, to the Control Point of a User. In the case of such instructions applicable to a BM Unit, it may require an action or response which is outside the Dynamic Parameters, QPN or Other Relevant Data, and may include an instruction to trip a Genset.

Emergency Instructions are treated as a Bid-Offer Acceptances (Grid Code BC2.9.2.3) except in particular situations (e.g. black start invoked).

The BSC sets out how an Emergency Instruction will be compensated, Section Q, paragraph 5.3.2(b) states that for an emergency instruction:

the 'to' time is the end of the last Settlement Period for which Gate Closure fell before the Bid-Offer Acceptance Time, and the 'to' MW level is the same as the 'from' MW level.

i.e. compensation will be until the end of the BM window. Where Bid-Offer data is not submitted by a BM Unit or a BM Unit does not take part in the BM Mechanism the emergency instruction will be compensated at a zero price.

Appendix 2 - Emergency Deenergisation

An emergency de-energisation instruction is defined in the Grid Code's glossary and definitions as:

an Emergency Instruction issued by NGET to De-Synchronise a Generating Unit, Power Park Module or DC Converter in circumstances specified in the CUSC.

The CUSC, Section 11, contains additional information regarding the specific circumstances of an emergency de-energisation instruction. The relevant CUSC extract from Section 11 is shown below:

CUSC definition of an Emergency Deenergisation:

an instruction issued by The Company to a User to either:

(a) Deenergise that User's Equipment, or

(b) request the owner of the Distribution System to which the User's equipment or equipment for which that User is responsible (as defined in Section K of the Balancing and Settlement Code) is connected to Deenergise that User's Equipment or equipment for which that User is responsible (as defined in Section K of the Balancing and Settlement Code or ;

(c) declare its Maximum Export Limit in respect of the BM Unit(s) associated with such User's Equipment to zero and to maintain it at that level during the Interruption Period,

where in The Company's reasonable opinion:

(i) the condition or manner of operation of any Transmission Plant and/or Apparatus is such that it may cause damage or injury to any person or to the National Electricity Transmission System; and

(ii) if the User's Equipment connected to such Transmission Plant and/or

Apparatus was not Deeenergised and/or the Maximum Export Limit of such User's Equipment connected to such Transmission Plant and/or Apparatus was not reduced to zero then it is likely that the Transmission Plant and/or Apparatus would automatically trip; and

(iii) if such Transmission Plant and/or Apparatus had tripped automatically, then

- *(I) the BM Unit comprised in such User's Equipment (other than an Interconnector Owner); or*
- *(II) an Interconnector of an Affected User who is an Interconnector Owner,*

would, solely as a result of Deenergisation of Plant and Apparatus forming part of the National Electricity Transmission System, have been Deenergised.

Emergency Deenergisation instructions are compensated under the CUSC, with the relevant extract (Interruption Payment) shown below. The definition of Interruption Payment shown below includes payments for planned interruptions and unplanned interruptions as well as emergency deenergisation. The text relevant to emergency deenegisation compensation is highlighted in blue.

The payment for each day or part thereof of the Interruption Period calculated as follows:

1. In the case of a Relevant Interruption arising as a result of a Planned Outage the higher of:

A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system Transmission Entry Capacity, in each case using figures for the Financial Year prior to that in which the Relevant Interruption occurs, this is then divided by 365 to give a daily £ per MW rate; or

B. the actual £ per MW of an Affected User by reference to the tariff in the Use of System Charging Statement for the Financial Year in which the Relevant Interruption occurs divided by 365 to give a daily £per MW rate.

A or B are then multiplied by:

a) in the case of an Affected User other than an Interconnected Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection Site;

and

b) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site.

2. In the case of a Relevant Interruption arising as a result of an Emergency

Deenergisation Instruction:

(a) sum equal to the price in £/MWh for the relevant Settlement Period(s) (as provided for in Section T 4.4.5 of the Balancing and Settlement Code) for each Settlement Period (or part thereof) from the time when the Emergency Deenergisation Instruction was issued by The Company until the first Settlement Period for which Gate Closure had not (at the time the Emergency Deenergisation Instruction was issued by The Company) occurred

multiplied by:

(i) in the case of an Affected User other than an Interconnected Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection Site;

and

(ii) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site,

(b) For each subsequent Settlement Period of the Relevant Interruption which occurs within the first 24 hours of the Relevant Interruption, a sum equal to the price in £/MWh for the relevant Settlement Period(s) (as provided for in Section T 1.5.3 of the Balancing and Settlement Code)

multiplied by:

(i) in the case of an Affected User other than an Interconnector Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection site;

and

(ii) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site; and

(c) and after the first 24 hours a sum calculated as 1 above

3. In the case of all other Relevant Interruptions:

For each Settlement Period of the Relevant Interruption which occurs within the first 24 hours of the Relevant Interruption, a sum equal to the price in £/MWh for the relevant Settlement Period(s) (as provided for in Section T 1.5.3 of the Balancing and Settlement Code).

Multiplied by:

a) in the case of an Affected User other than an Interconnector Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection Site; and

b) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site

and after the first 24 hours a sum calculated as 1 above.

Provided always that an Affected User shall not receive payment for more than one Relevant Interruption in any given day

Appendix 3- Interruption as a result of an unplanned outage (e.g. trips)

An interruption is defined in the CUSC, Section 11 as:

where either:-

(i) solely as a result of Deenergisation of Plant and Apparatus forming part of the National Electricity Transmission System; or

(ii) in accordance with an Emergency Deenergisation Instruction;

a) a BM Unit comprised in the User's Equipment of an Affected User (other than an Interconnector Owner) is Deenergised; or

b) an Interconnector of an Affected User who is an Interconnector Owner is Deenergised.; or

c) The Maximum Export Limit in respect of the BM Unit(s) associated with such User's Equipment is zero.

Payments for eligible interruptions are defined in the CUSC. The definition of Interruption Payment shown below includes payments for planned interruptions and emergency deenergisation as well as unplanned interruptions. The text relevant to unplanned interruption compensation is highlighted in blue.

The payment for each day or part thereof of the Interruption Period calculated as follows:

1. In the case of a Relevant Interruption arising as a result of a Planned Outage the higher of:

A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system Transmission Entry Capacity, in each case using figures for the Financial Year prior to that in which the Relevant Interruption occurs, this is then divided by 365 to give a daily £ per MW rate; or

B. the actual £ per MW of an Affected User by reference to the tariff in the Use of System Charging Statement for the Financial Year in which the Relevant Interruption occurs divided by 365 to give a daily £per MW rate.

A or B are then multiplied by:

a) in the case of an Affected User other than an Interconnected Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection Site;

and

b) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site.

2. In the case of a Relevant Interruption arising as a result of an Emergency Deenergisation Instruction:

(a) sum equal to the price in £/MWh for the relevant Settlement Period(s) (as provided for in Section T 4.4.5 of the Balancing and Settlement Code) for each Settlement Period (or part thereof)

from the time when the Emergency Deenergisation Instruction was issued by The Company until the first Settlement Period for which Gate Closure had not (at the time the Emergency Deenergisation Instruction was issued by The Company) occurred

multiplied by:

(i) in the case of an Affected User other than an Interconnected Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection Site;

and

(ii) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site,

(b) For each subsequent Settlement Period of the Relevant Interruption which occurs within the first 24 hours of the Relevant Interruption, a sum equal to the price in £/MWh for the relevant Settlement Period(s) (as

provided for in Section T 1.5.3 of the Balancing and Settlement Code)

multiplied by:

(i) in the case of an Affected User other than an Interconnector Owner the MW arrived at after deducting from the Transmission Entry Capacity

for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection site;

and

(ii) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site; and

(c) and after the first 24 hours a sum calculated as 1 above

3. In the case of all other Relevant Interruptions:

For each Settlement Period of the Relevant Interruption which occurs within the first 24 hours of the Relevant Interruption, a sum equal to the price in £/MWh for the relevant Settlement Period(s) (as provided for in Section T 1.5.3 of the Balancing and Settlement Code).

Multiplied by:

a) in the case of an Affected User other than an Interconnector Owner the MW arrived at after deducting from the Transmission Entry Capacity for the

Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection Site; and

b) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site

and after the first 24 hours a sum calculated as 1 above.

Provided always that an Affected User shall not receive payment for more than one Relevant Interruption in any given day

Appendix 4- Interruption as a result of a planned outage

A planned outage is defined under the Grid Code as:

An outage of a Large Power Station or of part of the National Electricity Transmission System, or of part of a User System, co-ordinated by NGET under OC2.

Under OC2 National Grid can notify of a planned outage by 16:00 the day before.

Planned interruptions are compensated under the CUSC, with the relevant extract (Interruption Payment) shown below. The definition of Interruption Payment shown below includes payments for unplanned interruptions and emergency deenergisation as well as planned interruptions. The text relevant to planned interruption compensation is highlighted in blue.

The payment for each day or part thereof of the Interruption Period calculated as follows:

1. In the case of a Relevant Interruption arising as a result of a Planned Outage the higher of:

A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system Transmission Entry Capacity, in each case using figures for the Financial Year prior to that in which the Relevant Interruption occurs, this is then divided by 365 to give a daily £ per MW rate; or

B. the actual £ per MW of an Affected User by reference to the tariff in the Use of System Charging Statement for the Financial Year in which the Relevant Interruption occurs divided by 365 to give a daily £per MW rate.

A or B are then multiplied by:

a) in the case of an Affected User other than an Interconnected Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection Site;

and

b) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site.

2. In the case of a Relevant Interruption arising as a result of an Emergency Deenergisation Instruction:

(a) sum equal to the price in £/MWh for the relevant Settlement Period(s) (as provided for in Section T 4.4.5 of the Balancing and Settlement Code) for each Settlement Period (or part thereof) from the time when the Emergency Deenergisation Instruction was issued by The Company until the first Settlement Period for which Gate Closure had not (at the time the Emergency Deenergisation Instruction was issued by The Company) occurred

multiplied by:

(i) in the case of an Affected User other than an Interconnected Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection Site;

and

(ii) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site,

(b) For each subsequent Settlement Period of the Relevant Interruption which occurs within the first 24 hours of the Relevant Interruption, a sum equal to the price in £/MWh for the relevant Settlement Period(s) (as provided for in Section T 1.5.3 of the Balancing and Settlement Code)

multiplied by:

(i) in the case of an Affected User other than an Interconnector Owner the MW arrived at after deducting from the Transmission Entry Capacity

for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection site;

and

(ii) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site; and

(c) and after the first 24 hours a sum calculated as 1 above

3. In the case of all other Relevant Interruptions:

For each Settlement Period of the Relevant Interruption which occurs within the first 24 hours of the Relevant Interruption, a sum equal to the price in £/MWh for the relevant Settlement Period(s) (as provided for in Section T 1.5.3 of the Balancing and Settlement Code).

Multiplied by:

a) in the case of an Affected User other than an Interconnector Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection Site; and

b) in the case of an Affected User who is an Interconnector Owner the MW specified in the Transmission Entry Capacity for the Connection Site

and after the first 24 hours a sum calculated as 1 above.

Provided always that an Affected User shall not receive payment for more than one Relevant Interruption in any given day

Appendix 5- System to Generator Intertrips

System to Generator Operational Intertripping is defined in the Grid Code as:

A Balancing Service involving the initiation by a System to Generator Operational Intertripping Scheme of automatic tripping of the User's circuit breaker(s) resulting in the tripping of BM Unit(s) or (where relevant) Generating Unit(s) comprised in a BM Unit to prevent abnormal system conditions occurring, such as over voltage, overload, System instability, etc, after the tripping of other circuit-breakers following power System fault(s).

There are 4 types of operational intertrip schemes (referred to as Category 1, 2, 3, 4 Intertripping Schemes). These are defined in the Grid Code.

Category 1 Intertripping Scheme -

A System to Generator Operational Intertripping Scheme arising from a variation to Connection Design following a request from the relevant User which is consistent with the criteria specified in the Security and Quality of Supply Standard.

No payment provisions are applicable for this type of intertrip

Category 2 Intertripping Scheme -

A System to Generator Operational Intertripping Scheme which is:-

> *(i) required to alleviate an overload on a circuit which connects the Group containing the User's Connection Site to the GB Transmission System; and*
>
> *(ii) installed in accordance with the requirements of the planning criteria of the Security and Quality of Supply Standard in order that measures can be taken to permit maintenance access for each transmission circuit and for such measures to be economically justified,*

and the operation of which results in a reduction in Active Power on the overloaded circuits which connect the User's Connection Site to the rest of the GB Transmission System which is equal to the reduction in Active Power from the Connection Site (once any system losses or third party system effects are discounted).

This type of intertrip would be eligible to receive a capability payment (and intertrip payment) and a Restricted Export Level Payment (in the event that National Grid is unable to restore transmission capacity within 24 hours following the trip).

Category 3 Intertripping Scheme

A System to Generator Operational Intertripping Scheme which, where agreed by NGET and the User, is installed to alleviate an overload on, and as an alternative to, the reinforcement of a third party system, such as the Distribution System of a Public Distribution System Operator.

This type of intertrip would be eligible to receive a Restricted Export Level Payment (in the event that National Grid is unable to restore transmission capacity within 24 hours following the trip).

Category 4 Intertripping Scheme

A System to Generator Operational Intertripping Scheme installed to enable the disconnection of the Connection Site from the GB Transmission System in a controlled and efficient manner in order to facilitate the timely restoration of the GB Transmission System.

This type of intertrip would be eligible to receive a capability payment (and of intertrip payment) and a Restricted Export Level Payment (in the event that National Grid is unable to restore transmission capacity within 24 hours following the trip).Additional information regarding a tripping scheme is set out in the CUSC, Section 4. Section 4.2A sets out, amongst other areas, payments to a user:

Payments to the User

The Company shall make the following payments to the User in respect of System to Generator Intertripping Schemes:

(a) a Capability Payment shall be paid in respect of each Category 2 Intertripping Scheme and each Category 4 Intertripping Scheme as follows:-

> *(i) The Company shall pay to the User an amount ("the Capability Payment") in consideration of the installation of the System to Generator Operational Intertripping Scheme and the User's obligations under Paragraphs 4.2A.2.1(a) and (b), being an amount per month determined by reference to the number of Settlement Periods during the month in question (and in respect of which the requirement for System to Generator Operational Intertripping is stated in Appendix F3 of the relevant Bilateral Agreement) and the payment rate (£/Settlement Period) specified in Schedule 4 to this Section 4; and*
>
> *(ii) for the avoidance of doubt, where a System to Generator operational Intertripping Scheme comprises both a Category 2 Intertripping Scheme and a Category 4 Intertripping Scheme, only one Capability Payment shall be payable by The Company to the User in respect thereof;*

(b) subject always to Paragraph 4.2A.5, a Restricted Export Level Payment shall be paid in respect of each Category 2 Intertripping Scheme, each Category 3 Intertripping Scheme and each Category 4 Intertripping Scheme as follows:-

(i) the payment shall only be made where, following the tripping of the User's Circuit Breaker(s) upon receipt of a signal from the System to Generator operational Intertripping Scheme, restrictions on the export of Active Power from the Connection Site apply in accordance with the terms of Paragraph 4.2A.2.1(c) above at any time after the period of 24 hours has elapsed following such tripping; and

(ii) in such a case, The Company shall pay to the User upon request the Restricted Export Level Payment, by reference to the period from expiry of such 24 hour period until the time when The Company notifies the User in accordance with Paragraph 4.2A.2.2(c)(ii) that the Restricted MW Export Level no longer applies ("the Restricted Export Level Period"); and

(c) subject always to Paragraph 4.2A.5, in respect of each Category 2 Intertripping Scheme and Category 4 Intertripping Scheme, where the User's Circuit Breaker(s) are tripped upon receipt of a signal from the System to Generator Operational Intertripping Scheme, The Company shall pay to the User an amount ("the Intertrip Payment") being an amount (£/Intertrip Contracted Unit/trip) specified in Schedule 4 to this Section 4.

Schedule 4 of Section 4 sets out the payment rates for operational intertrips:

SYSTEM TO GENERATOR OPERATIONAL INTERTRIPPING - PAYMENT RATES

	Category 1	Category 2	Category 3	Category 4
Capability Payment (£/Settlement Period)	N/A	£ 1.72	N/A	£ 1.72
Intertrip Payment (£/Intertrip Contracted Unit/Trip)	N/A	£ 400,000	N/A	£ 400,000

All rates in this Schedule 4 are specified at April 2005 base and shall be subject to indexation in accordance with Paragraph 4.5 with effect from 1st April 2006.

Appendix 6- Commercial Intertrips

National Grid will seek to, where it proves economic and efficient to do so, enter into Commercial Intertrip schemes to manage system issues. For the period Apr-10 to Mar-11 (inclusive) just over £20 million was spent on commercial intertrip schemes.

Appendix 7- Partial or Total Shutdowns (Black Start)

A total shutdown is defined in the Grid Code as:

Total Shutdown - *The situation existing when all generation has ceased and there is no electricity supply from* ***External Interconnections*** *and, therefore, the* ***Total System*** *has shutdown with the result that it is not possible for the* ***Total System*** *to begin to function again without* ***NGET's*** *directions relating to a* ***Black Start****.*

A partial shutdown is defined as:

Partial Shutdown - The same as a **Total Shutdown** except that all generation has ceased in a separate part of the **Total System** and there is no electricity supply from **External Interconnections** or other parts of the **Total System** to that part of the **Total System** and, therefore, that part of the **Total System** is shutdown, with the result that it is not possible for that part of the **Total System** to begin to function again without **NGET's** directions relating to a **Black Start**.

BSC Section G3 sets out the post event arrangements for compensation under Black Start. The paragraph applies if the Transmission Company informs Users pursuant to OC9.4 of the Grid Code that either a Total Shutdown or a Partial Shutdown exists and that the Transmission Company intends to implement a Black Start.

For the period of a Black Start a single imbalance price applies and the normal operation of the market is suspended including:

Operation of the Balancing Mechanism

Contract Notifications

Calculation of parties' energy indebtedness

The single imbalance price will apply to user imbalances, in addition BSC3.3 states:

3.3 Lead Party compensation

3.3.1 Subject to the provisions of the Code, each Party which:

(a) is the Lead Party of any BM Unit (whether or not comprising Plant or Apparatus which is comprised in a Black Start Station as defined in the Grid Code), and

(b) is given any instruction (a "black start instruction") by the Transmission Company pursuant to OC9.4.7.4, BC2.7 or BC2.9 of the Grid Code relating to

any Settlement Period(s) during a Black Start Period may, within the period of 20 Business Days after the end of the Black Start Period, submit to BSCCo a claim for payment of compensation to be determined in accordance with this paragraph 3.3.

Lead parties' can claim for certain costs if they are issued instructions as set out in Section 3.3.2.

3.3.2 For the purposes of this paragraph 3.3, in relation to a Settlement Period in the Black Start Period and a BM Unit:

(a) the "black start compensation amount" shall be an amount determined as:

(A - B) where

A is the amount of the Avoidable Costs of the Lead Party in relation to the operation of the BM Unit as determined by the Panel under paragraphs 3.3.4(a) and 3.3.4(c);

B is an amount determined as:

$(BSCQ^{n}_{ij} * P^{n}_{ij})$

where P^{n}_{ij} is the System Sell Price (equal, in accordance with Section T1.7.1, to the System Buy Price) for that Settlement Period; and $BSCQ^{n}_{ij}$ is the quantity (in MWh) determined by the Panel under paragraph 3.3.4(b) and shall be called the "black start compensation volume"; (b) for the purposes of paragraph (a), $BSCQ^{n}_{ij}$ shall be negative where it represents an increase in net Imports or a reduction in net Exports, zero (0) where

Annex 4 – Modifications the BSSG has agreed to raise

To be added after meeting on 25th April

CUSC Modification Proposal Form

CMP###

Title of the CUSC Modification Proposal: *(mandatory by Proposer)*

Alignment of CUSC compensation arrangements for across different interruption types

Submission Date *(mandatory by Proposer)*

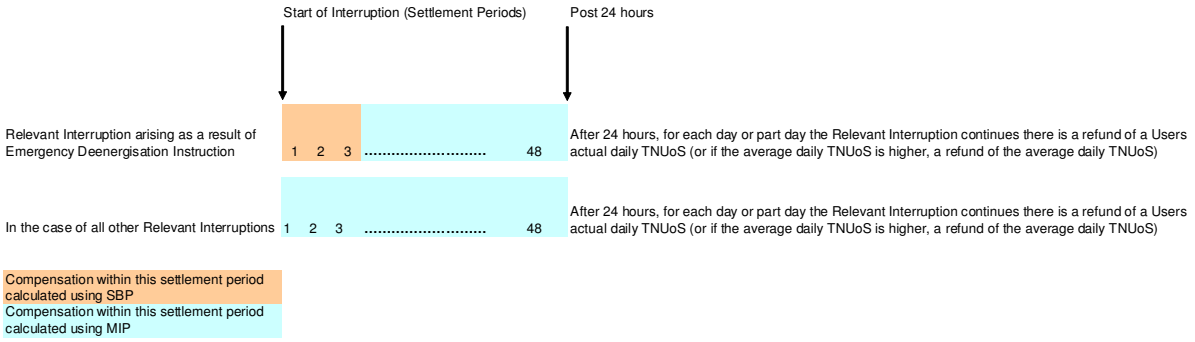
Description of the CUSC Modification Proposal *(mandatory by Proposer)*

Section 11 of the CUSC, under the "Interruption Payment" definition, sets out the compensation applicable for a Relevant Interruption:

- arising as a result of a planned outage;
- arising as a result of an Emergency Deenergisation Instruction; and
- in the case of all other Relevant Interruptions.

A Relevant Interruption is defined as an Interruption other than an Allowed Interruption.

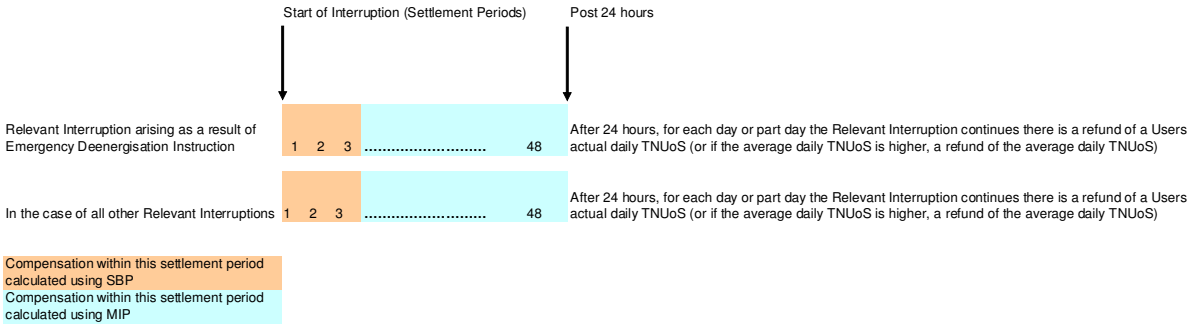
The compensation methodologies for a Relevant Interruption arising as a result of an Emergency Deenergisation Instruction and for other Relevant Interruptions (the second and third items in the bulleted list) are similar but not identical. The diagram below compares the two for a Relevant Interruption lasting more than 24 hours.



The numbers in the diagram above refer to settlement periods. As can be seen, for a *Relevant Interruption as a result of Emergency Deenergisation,* compensation for the few settlement periods until the "wall"* is calculated using SBP (System Buy Price). For the remaining settlement periods compensation is calculated using MIP (Market Index Price). The compensation calculation if a Relevant Interruption lasts longer than 24 hours is (post 24 hours) based on TNUoS (Transmission Network Use of System charge).

For any other *Relevant Interruptions,* compensation is calculated using MIP (Market Index Price), within the first 24 hours. Aside from the SBP / MIP difference for the period up to the "wall", the remainder of the compensation calculations are the same in both instances.

It is proposed to amend the CUSC provisions for a *Relevant Interruption* such that *Relevant Interruptions* are also compensated to the "wall" using SBP. Compensation for both *Relevant Interruption* and *Relevant Interruption as a result of Emergency Deenergisation* would then be identical across all timescales. The diagram below shows the new proposed solution.



For the avoidance of doubt, this modification does not propose any change to the compensation mechanism for a Relevant Interruption arising as a result of a Planned Outage.

*The "wall" represents the settlement periods for which gate closure has occurred.

Note: National Grid is raising this modification on behalf of the BSSG. The BSSG's position paper is attached for background information.

Description of Issue or Defect that CUSC Modification Proposal seeks to Address: *(mandatory by Proposer)*

The compensation methodologies for other *Relevant Interruptions* and *Relevant Interruption arising as a result of an Emergency Deenegisation* are similar but not identical. These two methodologies were introduced at different times, the *Relevant Interruption* methodology was introduced via CAP048 on 1st April 2004, with the methodology for *Relevant Interruption as a result of Emergency Instruction* introduced via CAP144 on 27th June 2008.

This modification proposes to align these two compensation arrangements. It is appropriate that compensation for the period up to the "wall" is calculated using SBP in both instances as an affected party is likely to be exposed to SBP. By fully aligning the two mechanisms, parties are treated consistently and equitably. There is also a benefit in that the CUSC will be simplified.

Note: The CUSC Interruption Payment definition includes a reference to BSC Section T 4.4.5, this reference is outdated and it is proposed to update this reference as part of the modification.

Impact on the CUSC *(this should be given where possible)*

Section 11, *Interruption Payment* definition will need to be amended.

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes/No *(mandatory by Proposer. Assessed in accordance with Authority Guidance – see guidance notes for website link)*
NO

Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information *(this should be given where possible)*

BSC ☐

Grid Code ☐

STC ☐

Other ☐
(please specify)

Urgency Recommended: Yes / **No** *(optional by Proposer)*
NO

Justification for Urgency Recommendation *(mandatory by Proposer if recommending progression as an Urgent Modification Proposal)*

Self-Governance Recommended: Yes / **No** *(mandatory by Proposer)*
NO

Justification for Self-Governance Recommendation *(Mandatory by Proposer if recommending progression as Self-governance Modification Proposal)*

Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews? *(Mandatory by Proposer in order to assist the Panel in deciding whether a Modification Proposal should undergo a SCR Suitability Assessment)*
Yes

Impact on Computer Systems and Processes used by CUSC Parties: *(this should be given where possible)*

Details of any Related Modification to Other Industry Codes *(where known)*:

Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives: *(mandatory by proposer)*
Please tick the relevant boxes and provide justification:

☐ (a) the efficient discharge by The Company of the obligations imposed upon it by the Act and the Transmission Licence

Neutral

☒ (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.

The modification will better facilitate applicable objective (b), as aligning the compensation calculations for a Relevant Interruption arising as a result of Emergency Deenergisation Instruction and other Relevant Interruptions will introduce further clarity and ensure parties are treated equitably.

☐ (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Neutral

These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1

Details of Proposer: (Organisation Name)	National Grid Electricity Transmission plc

Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	 Tariq Hakeem National Grid 01926 655 439 tariq.hakeem@nationalgrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	 Shafqat Ali National Grid 01926 655 980 shafqat.ali@nationalgrid.com
Attachments (Yes/No):Yes **If Yes, Title and No. of pages of each Attachment:** **1) Indicative Legal Text** **2) BSSG Position paper** **3) BSSG Position paper annex**	

Guidance notes on completing the CUSC Modification Proposal Form

These guidelines aim to assist Proposers when completing a CUSC Modification Proposal Form.

The form seeks to ascertain details about the Modification Proposal so that the CUSC Modifications Panel can determine more clearly which route the proposal should follow, for example, whether it should be considered by a Workgroup; go straight to wider industry consultation; and whether it meets the Self-Governance criteria.

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. Please ensure you have completed the fields marked 'mandatory' as your form could otherwise be rejected. If you need any help, please contact the Code Administrator at cusc.team@uk.ngrid.com or the Panel Secretary on the details below.

If the Panel Secretary accepts the Modification Proposal form as complete, she will write back to the Proposer informing him of the Modification Proposal number 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 she may reject the Proposal and 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 the Panel Secretary, either by email to Emma.Clark@uk.ngrid.com and copied to cusc.team@uk.ngrid.com, or by post to:

Emma Clark
CUSC Modifications Panel Secretary, Transmission Commercial
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

(Participants submitting the 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 Modifications Panel, a Proposer which is not a CUSC Party shall grant a licence in accordance with Paragraph 8.16.9 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

These guidance notes state what should be completed in each section of the Form and by whom, and whether it is mandatory or optional. They also provide guidance on the type of information that should be considered when completing the form. If you require further assistance please contact the Panel Secretary.

CMP###

- Please leave this blank. This is the unique reference number allocated to each individual CUSC Modification Proposal and is completed by the Panel Secretary.

Title of the Modification Proposal

- This is a mandatory section, which must be completed by the Proposer. The title of the Modification needs to be relevant to the detail and unique.

Handy Hints

- *Ensure the title is not too long*
- *Ensure it clearly identifies the Modification and the issue being raised*
- *Ensure the title cannot be confused with previous Modifications*

Submission Date

- This is a mandatory section which must be completed by the Proposer. It is the date on which the Proposer raises the Modification Proposal.

Description of the CUSC Modification Proposal

- This is a mandatory section to be completed by the Proposer and should include a detailed description of the CUSC Modification Proposal to ensure the nature and purpose of the Modification is clear to other CUSC Parties and the Industry.

Description of issue or defect that the CUSC Modification Proposal seeks to address

- This is a mandatory field to be completed by the Proposer and should provide a description of the issue or defect in sufficient detail to ensure that it is clear to CUSC Parties and the Industry.

- When completing the sections for the ***Description of the CUSC Modification Proposal*** and the ***Description of the issue or defect***, the Proposer should consider the following:

    - Background information and the circumstances surrounding the Modification
    - Direct and indirect consequences of implementing or not implementing the Proposal
    - Identification of external drivers, e.g. legislation, Ofgem documents and work (i.e. best practice guidelines) and DECC documents
    - Technical aspects of the proposed change.
    - Scenarios or examples to highlight the issue or defect
    - Linkages to previous modifications or Ofgem decisions that have been approved or rejected, stating the reasons for the linkage and why this Modification is required in relation to the previous modification
    - Identify any issues which may have an impact on Security of Supply

Handy Hints

- *Ensure you use clear and plain language*
- *Ensure the description of the proposal and the issue/defect can be understood by parties outside the field of expertise*
- *Avoid the use of jargon and acronyms without a clear explanation*
- *Where necessary, use glossaries in an attachment*
- *Ensure What, Why, Benefits and Impact have been addressed*
- *Look at previous documents such as the Modification Proposal Forms on National Grid's website for ideas and expectation of required length*

Impact on the CUSC

- This is an optional section of the Modification Proposal Form, which should be completed where possible. The Proposer should provide an indication of the sections and clauses of the CUSC that would require modification. If this is not possible, the Proposer should aim to indicate the general areas that may be affected.

- In addition, the Proposer should aim to provide an overview of the nature of the modifications(s) and its effects.

- The Proposer should consider:

    - Impact on relevant code section
    - New or amended definitions within section 11
    - Impact on Related Agreements – Bilateral, Construction and Mandatory Agreements
    - Impact on Exhibits

Handy Hints

- *If you are unsure about the relevant CUSC Section/Clause contact the Code Administrator for further assistance*
- *Look at previous documents such as the Modification Proposal Forms on the website*

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes/No *(assessed in accordance with Authority Guidance, available on the Ofgem website at the following link: http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=196&refer=Licensing/IndCodes/Governance*

- This section requires the proposer to include their view as to whether they believe that their Proposal has a quantifiable impact on greenhouse gas emissions, where the impact is likely to be material and, if so, what they believe that impact to be. This assessment should be conducted in accordance with the latest guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions issued by the Authority which is available at the link provided above.

Impact on Core Industry Documentation

- This is an optional section of the form, which should be completed where possible by the Proposer. It should include a list of any Codes or Industry Documents that the Modification Proposal may affect. Where possible the Proposer should provide brief details of how each document will be affected.

- The Proposer should consider impacts upon:

    - Balancing and Settlement Code (BSC)
    - Grid Code
    - System Operator/Transmission Owner Code (STC)
    - Any other codes or relevant documents

- If known, identify the affected Sections and Clauses of the document. If this is not possible, the Proposer should aim to indicate the general areas.

Urgency Recommended

- This is an optional section where the Proposer can indicate if they are recommending that the progression of their Modification Proposal should be Urgent.

Justification for Urgency Recommendation

- This is mandatory if recommending progression as an Urgent Modification Proposal. The Proposer should describe here why the Modification should be treated as Urgent. This description will then be considered by the CUSC Panel as part of its recommendation to the Authority regarding urgency, and then by the Authority in determining whether urgency shall be granted. When completing this section the Proposer may wish to consider the following:

- The Authority has previously expressed the view that a Modification Proposal should only be treated as an Urgent Modification Proposal if it could not appropriately be treated as non-urgent. In addition, the Authority has expressed the view that an Urgent Modification Proposal should:

    1.Be linked to an imminent issue or a current issue that if not urgently addressed may cause:

    a) A significant commercial impact on parties, consumers or other stakeholder(s); or
    b) A significant impact on the safety and security of the electricity and/or has systems; or
    c) A party to be in breach of any relevant legal requirements.

Please note that the above notes represent guidance only and are not definitive criteria. There may therefore be occasions where a Modification Proposal is deemed to be urgent by the Authority where it does not exhibit these characteristics (or, conversely, be deemed non-urgent where one or more of the characteristics is exhibited). If urgency is not being recommended, this item on the CMP Form should be left blank. Ofgem's full urgency criteria can be found at the following link:
http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=213&refer=Licensing/IndCodes/Governance

Self-Governance Recommended

- This is mandatory by the Proposer and should be completed where the Proposer is recommending that the Modification Proposal should be progressed as a Self-governance Modification Proposal.

Justification for Self-Governance Recommendation

- This is a mandatory section if the Proposer is recommending progression as a Self-governance Modification Proposal. A Modification Proposal may be considered Self-governance where it is unlikely to have a material effect on:

    - Existing or future electricity customers;
    - Competition in generation or supply;
    - The operation of the transmission system;
    - Security of Supply;
    - Governance of the CUSC

And it is unlikely to discriminate against different classes of CUSC Parties.

Self-governance Modification Proposals do not require an Authority decision due to their non-material nature. Instead, the CUSC Panel will make a decision on whether to approve or reject the Modification Proposal. In order to make a decision, the CUSC Panel must first submit a Self-governance Statement to the Authority, along with industry consultation responses at least 7 days before a Panel decision. The Authority may veto Self-governance at any point up until the Panel decision. The Authority may also declare a Modification Proposal as Self-governance without the need for a Self-governance Statement.

If the Proposer believes that the Modification Proposal is Self-governance, they should outline their justification having regard to the criteria as defined above. The Panel will take account of the Proposer's justification when deciding whether to submit a Self-governance Statement.

Should this Modification Proposal be considered exempt from any ongoing Significant Code Reviews?

- The Significant Code Review (SCR) process was implemented on 30 December 2010.

- The period between the SCR commencing and SCR closing is known as the 'SCR Phase'. During an SCR Phase, all new Modification Proposals would still be progressed but could be subsumed by the Authority into an ongoing SCR at any time.

- During an ongoing SCR Phase the originator should use this section to justify why their Modification Proposal should be considered exempt from the ongoing SCR(s). Details of ongoing SCRs can be found on the Ofgem website.

Impact on Computer Systems and Processes used by CUSC Parties

- This is an optional section of the form that should be completed where possible by the Proposer. It should include an initial list of any relevant Computer Systems and Computer

Processes that may be affected by the Modification Proposal. Where possible the Proposer should provide brief details of how each System and/or Process may be affected.

Handy Hints

- *If possible, provide attachments with process flow diagrams explaining the current and new process*

Details of any Related Modifications to Other Industry Codes

- This is an optional section of the Modification Proposal Form, which should be completed where possible when there are any simultaneous modifications being proposed to other Industry Documents and Codes. It should include a list of any modifications with the reference number and title.

Justification for CUSC Modification Proposal with reference to the Applicable CUSC Objectives

- This is a mandatory field where the Proposer must describe how the CUSC Modification Proposal would better facilitate the achievement of the Applicable CUSC Objectives compared with the current baseline.

- The Proposer should apply the issue or defect and the proposed solution to one or more of the Applicable Objectives and clearly identify how the proposal will aid the achievement the objectives.

- Objective (c) was added in November 2011. This refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Handy Hints

- *Clearly state how the Modification will benefit CUSC Parties/Industry in relation to the Objectives*
- *Look at previous documents such as Ofgem decisions, Modification form etc on the website for ideas*

CUSC Modification Proposal Form	**CMP###**

Title of the CUSC Modification Proposal: *(mandatory by Proposer)*

Setting limits for claim: submission, validation and minimum financial threshold values in relation to Relevant Interruptions

Submission Date *(mandatory by Proposer)*

Description of the CUSC Modification Proposal *(mandatory by Proposer)*

Section 5.10 of the CUSC sets out the CUSC provisions in relation to a Relevant Interruption. A Relevant Interruption is defined in Section 11 as an "Interruption other than an Allowed Interruption".

Section 5.10 does not specify any time limits on Users to raise or for National Grid to investigate a Relevant Interruption claim. Section 5.10 also does not specify any minimum financial value for a Relevant Interruption claim.

It is proposed to amend the CUSC provisions such that section 5.10 specifies the time frame by which (following a Relevant Interruption) a User has to raise a claim and the time frame by which (following a Relevant Interruption claim) National Grid has to confirm the validity or otherwise of a claim. The actual time frames which may be applicable to these two situations are not detailed as part of this modification proposal and would be subject to discussion/agreement with the industry.

It is also proposed as part of this modification proposal that section 5.10 specifies a minimum financial value for a Relevant Interruption claim. If a claim was submitted whose financial value was less than the minimum threshold value, the claim would not be progressed. The actual minimum value which would be applicable is not detailed as part of this modification proposal and would be subject to discussion/agreement with the industry.

Note: National Grid is raising this modification on behalf of the BSSG. The BSSG's position paper is attached for background information.

Description of Issue or Defect that CUSC Modification Proposal seeks to Address: *(mandatory by Proposer)*

The CUSC does not specify any timescales by which Relevant Interruption claims can be submitted, in theory claims could be submitted for an incident that occurred some time ago. The investigation of such a claim may be more burdensome because of a lengthy delay between the incident and claim. To improve the robustness of the administrative process of Relevant Interruption claims, it is proposed to introduce time frames by which a User (following an Interruption) has to raise a claim. It is also proposed to introduce a minimum financial threshold value which would apply to a Relevant Interruption claim.

The CUSC does not specify any timescales within which National Grid has to confirm the validity or otherwise of a claim. As this modification proposes timescales within which Users have to submit a claim, the administrative process of Relevant Interruption claims would be equitable if timescales for National Grid to confirm the validity or otherwise of claims were also specified.

The introduction of a minimum claim value would increase the efficiency and streamline the investigation process.

For the avoidance of doubt, this modification does not propose to change Section 5.10.2. This section specifies that National Grid will make a payment within 28 days from the date of agreement as to the amount of an Interruption Payment.

Impact on the CUSC *(this should be given where possible)*

Section 5.10, Relevant Interruptions, will need to be amended.

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes/No *(mandatory by Proposer. Assessed in accordance with Authority Guidance – see guidance notes for website link)*
NO

Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information *(this should be given where possible)*

BSC ☐

Grid Code ☐

STC ☐

Other ☐
(please specify)

Urgency Recommended: Yes / **No** *(optional by Proposer)*
NO

Justification for Urgency Recommendation *(mandatory by Proposer if recommending progression as an Urgent Modification Proposal)*

Self-Governance Recommended: Yes / **No** *(mandatory by Proposer)*
NO

Justification for Self-Governance Recommendation *(Mandatory by Proposer if recommending progression as Self-governance Modification Proposal)*

Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews? *(Mandatory by Proposer in order to assist the Panel in deciding whether a Modification Proposal should undergo a SCR Suitability Assessment)*
Yes

Impact on Computer Systems and Processes used by CUSC Parties: *(this should be given where possible)*

Details of any Related Modification to Other Industry Codes *(where known)*:

Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives:
(mandatory by proposer)
Please tick the relevant boxes and provide justification:

☒ (a) the efficient discharge by The Company of the obligations imposed upon it by the Act and the Transmission Licence

The efficiency of the Relevant Interruption claims process would be further increased by claims being subject to a minimum financial threshold value, and thus better facilitate applicable objective (a).

☒ (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.

The modification will better facilitate applicable objective (b), as introduction of timescales on Users to raise and for National Grid to investigate claims will increase the robustness and efficiency of the Relevant Claims process.

☐ (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Neutral

These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1

Details of Proposer: (Organisation Name)	National Grid Electricity Transmission plc
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	 Tariq Hakeem National Grid 01926 655 439 tariq.hakeem@nationalgrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	 Shafqat Ali National Grid 01926 655 980 shafqat.ali@nationalgrid.com
Attachments (Yes/No):Yes **If Yes, Title and No. of pages of each Attachment:** **1) Indicative Legal Text** **2) BSSG Position paper** **3) BSSG Position paper annex**	

Guidance notes on completing the CUSC Modification Proposal Form

These guidelines aim to assist Proposers when completing a CUSC Modification Proposal Form.

The form seeks to ascertain details about the Modification Proposal so that the CUSC Modifications Panel can determine more clearly which route the proposal should follow, for example, whether it should be considered by a Workgroup; go straight to wider industry consultation; and whether it meets the Self-Governance criteria.

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. Please ensure you have completed the fields marked 'mandatory' as your form could otherwise be rejected. If you need any help, please contact the Code Administrator at cusc.team@uk.ngrid.com or the Panel Secretary on the details below.

If the Panel Secretary accepts the Modification Proposal form as complete, she will write back to the Proposer informing him of the Modification Proposal number 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 she may reject the Proposal and 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 the Panel Secretary, either by email to Emma.Clark@uk.ngrid.com and copied to cusc.team@uk.ngrid.com, or by post to:

Emma Clark
CUSC Modifications Panel Secretary, Transmission Commercial
National Grid Electricity Transmission plc
National Grid House
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CV34 6DA

(Participants submitting the 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 Modifications Panel, a Proposer which is not a CUSC Party shall grant a licence in accordance with Paragraph 8.16.9 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

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CMP###

- Please leave this blank. This is the unique reference number allocated to each individual CUSC Modification Proposal and is completed by the Panel Secretary.

Title of the Modification Proposal

- This is a mandatory section, which must be completed by the Proposer. The title of the Modification needs to be relevant to the detail and unique.

Handy Hints

- *Ensure the title is not too long*
- *Ensure it clearly identifies the Modification and the issue being raised*
- *Ensure the title cannot be confused with previous Modifications*

Submission Date

- This is a mandatory section which must be completed by the Proposer. It is the date on which the Proposer raises the Modification Proposal.

Description of the CUSC Modification Proposal

- This is a mandatory section to be completed by the Proposer and should include a detailed description of the CUSC Modification Proposal to ensure the nature and purpose of the Modification is clear to other CUSC Parties and the Industry.

Description of issue or defect that the CUSC Modification Proposal seeks to address

- This is a mandatory field to be completed by the Proposer and should provide a description of the issue or defect in sufficient detail to ensure that it is clear to CUSC Parties and the Industry.

- When completing the sections for the ***Description of the CUSC Modification Proposal*** and the ***Description of the issue or defect***, the Proposer should consider the following:

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    - Identification of external drivers, e.g. legislation, Ofgem documents and work (i.e. best practice guidelines) and DECC documents
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    - Scenarios or examples to highlight the issue or defect
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    - Identify any issues which may have an impact on Security of Supply

Handy Hints

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- *Ensure the description of the proposal and the issue/defect can be understood by parties outside the field of expertise*
- *Avoid the use of jargon and acronyms without a clear explanation*
- *Where necessary, use glossaries in an attachment*
- *Ensure What, Why, Benefits and Impact have been addressed*
- *Look at previous documents such as the Modification Proposal Forms on National Grid's website for ideas and expectation of required length*

Impact on the CUSC

- This is an optional section of the Modification Proposal Form, which should be completed where possible. The Proposer should provide an indication of the sections and clauses of the CUSC that would require modification. If this is not possible, the Proposer should aim to indicate the general areas that may be affected.

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- The Proposer should consider:

    - Impact on relevant code section
    - New or amended definitions within section 11
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    - Impact on Exhibits

Handy Hints

- *If you are unsure about the relevant CUSC Section/Clause contact the Code Administrator for further assistance*
- *Look at previous documents such as the Modification Proposal Forms on the website*

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes/No *(assessed in accordance with Authority Guidance, available on the Ofgem website at the following link: http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=196&refer=Licensing/IndCodes/Governance*

- This section requires the proposer to include their view as to whether they believe that their Proposal has a quantifiable impact on greenhouse gas emissions, where the impact is likely to be material and, if so, what they believe that impact to be. This assessment should be conducted in accordance with the latest guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions issued by the Authority which is available at the link provided above.

Impact on Core Industry Documentation

- This is an optional section of the form, which should be completed where possible by the Proposer. It should include a list of any Codes or Industry Documents that the Modification Proposal may affect. Where possible the Proposer should provide brief details of how each document will be affected.

- The Proposer should consider impacts upon:

    - Balancing and Settlement Code (BSC)
    - Grid Code
    - System Operator/Transmission Owner Code (STC)
    - Any other codes or relevant documents

- If known, identify the affected Sections and Clauses of the document. If this is not possible, the Proposer should aim to indicate the general areas.

Urgency Recommended

- This is an optional section where the Proposer can indicate if they are recommending that the progression of their Modification Proposal should be Urgent.

Justification for Urgency Recommendation

- This is mandatory if recommending progression as an Urgent Modification Proposal. The Proposer should describe here why the Modification should be treated as Urgent. This description will then be considered by the CUSC Panel as part of its recommendation to the Authority regarding urgency, and then by the Authority in determining whether urgency shall be granted. When completing this section the Proposer may wish to consider the following:

- The Authority has previously expressed the view that a Modification Proposal should only be treated as an Urgent Modification Proposal if it could not appropriately be treated as non-urgent. In addition, the Authority has expressed the view that an Urgent Modification Proposal should:

    1.Be linked to an imminent issue or a current issue that if not urgently addressed may cause:

    a) A significant commercial impact on parties, consumers or other stakeholder(s); or
    b) A significant impact on the safety and security of the electricity and/or has systems; or
    c) A party to be in breach of any relevant legal requirements.

Please note that the above notes represent guidance only and are not definitive criteria. There may therefore be occasions where a Modification Proposal is deemed to be urgent by the Authority where it does not exhibit these characteristics (or, conversely, be deemed non-urgent where one or more of the characteristics is exhibited). If urgency is not being recommended, this item on the CMP Form should be left blank. Ofgem's full urgency criteria can be found at the following link:
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Self-Governance Recommended

- This is mandatory by the Proposer and should be completed where the Proposer is recommending that the Modification Proposal should be progressed as a Self-governance Modification Proposal.

Justification for Self-Governance Recommendation

- This is a mandatory section if the Proposer is recommending progression as a Self-governance Modification Proposal. A Modification Proposal may be considered Self-governance where it is unlikely to have a material effect on:

    - Existing or future electricity customers;
    - Competition in generation or supply;
    - The operation of the transmission system;
    - Security of Supply;
    - Governance of the CUSC

And it is unlikely to discriminate against different classes of CUSC Parties.

Self-governance Modification Proposals do not require an Authority decision due to their non-material nature. Instead, the CUSC Panel will make a decision on whether to approve or reject the Modification Proposal. In order to make a decision, the CUSC Panel must first submit a Self-governance Statement to the Authority, along with industry consultation responses at least 7 days before a Panel decision. The Authority may veto Self-governance at any point up until the Panel decision. The Authority may also declare a Modification Proposal as Self-governance without the need for a Self-governance Statement.

If the Proposer believes that the Modification Proposal is Self-governance, they should outline their justification having regard to the criteria as defined above. The Panel will take account of the Proposer's justification when deciding whether to submit a Self-governance Statement.

Should this Modification Proposal be considered exempt from any ongoing Significant Code Reviews?

- The Significant Code Review (SCR) process was implemented on 30 December 2010.

- The period between the SCR commencing and SCR closing is known as the 'SCR Phase'. During an SCR Phase, all new Modification Proposals would still be progressed but could be subsumed by the Authority into an ongoing SCR at any time.

- During an ongoing SCR Phase the originator should use this section to justify why their Modification Proposal should be considered exempt from the ongoing SCR(s). Details of ongoing SCRs can be found on the Ofgem website.

Impact on Computer Systems and Processes used by CUSC Parties

- This is an optional section of the form that should be completed where possible by the Proposer. It should include an initial list of any relevant Computer Systems and Computer

Processes that may be affected by the Modification Proposal. Where possible the Proposer should provide brief details of how each System and/or Process may be affected.

Handy Hints

- *If possible, provide attachments with process flow diagrams explaining the current and new process*

Details of any Related Modifications to Other Industry Codes

- This is an optional section of the Modification Proposal Form, which should be completed where possible when there are any simultaneous modifications being proposed to other Industry Documents and Codes. It should include a list of any modifications with the reference number and title.

Justification for CUSC Modification Proposal with reference to the Applicable CUSC Objectives

- This is a mandatory field where the Proposer must describe how the CUSC Modification Proposal would better facilitate the achievement of the Applicable CUSC Objectives compared with the current baseline.

- The Proposer should apply the issue or defect and the proposed solution to one or more of the Applicable Objectives and clearly identify how the proposal will aid the achievement the objectives.

- Objective (c) was added in November 2011. This refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Handy Hints

- *Clearly state how the Modification will benefit CUSC Parties/Industry in relation to the Objectives*
- *Look at previous documents such as Ofgem decisions, Modification form etc on the website for ideas*