

CMP221 Interruption Compensation in the Absence of Market Suspension during a Partial Shutdown



CUSC Panel – 27 September 2013

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Background

- BSC Mod P276 (to come into effect 31 March 2014) introduces the opportunity for continuation of market operations during a Partial Shutdown
- Pre-P276 a Partial or Total Shutdown will trigger market suspension: contracts are nullified and any instructions to generators settled at a single imbalance price, therefore generators will not be exposed to imbalance price risk
- Post-P276 generators that lose transmission access through power loss will not be eligible for compensation and if the market continues will be exposed to imbalance against their contracted volumes
- Section 11 of the CUSC details existing interruption payments to compensate for loss of transmission access; currently Partial Shutdowns are excluded
- The Final Report from the P276 Working Group recommends consideration be given to extension of Interruption Payment provisions within the CUSC

Summary of Defect

- BSC Mod P276 enables the market to continue to operate during a Partial Shutdown providing that none of the criteria for market suspension* are deemed to be met
- This creates a potential scenario in which a generator that loses access to the Transmission System, due to a Partial Shutdown, will be exposed to imbalance prices on its contracted volume and no means of compensation
- Generators who lose transmission access as a result of a system event can normally claim Interruption Payments under the CUSC
- The CUSC definition of a 'Relevant Interruption' (for which compensation payments are applicable) currently excludes a Partial or Total Shutdown

*See Appendix A for Market Suspension Threshold Criteria

Proposed CUSC Modification

- To extend eligibility for Interruption Payments under the CUSC to include the incidence of a Partial Shutdown event where the market is not suspended

- Modification of Section 11, Interpretation and Definitions*:
 - **“Allowed Interruption”** definition (interruptions which are not eligible for CUSC compensation payments).
 - Amended to specify only Partial Shutdowns where the market is suspended

 - **“Market Suspension Period”** definition
 - Introduced to ensure precision of definition (cross-referencing definition in the BSC)

*See Appendix B for CUSC text wording

Justification against Applicable CUSC Objectives

nationalgrid

“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 proposal ensures that Generators who lose access to the Transmission System are consistently and appropriately compensated for costs associated with their imbalance exposure

Progression of CMP221

- The Panel is asked to agree:
 - whether CMP221 should be progressed through Self-governance
 - how to progress CMP221
 - Workgroup
 - Code Administrator Consultation
 - whether CMP221 is exempt from the ongoing SCR

CMP221 Timetable – Standard Process (no nationalgrid Workgroup)

19 September	CUSC Proposal submitted
27 September	Proposal presented to CUSC Panel
1 October	Code Administrator Consultation issued
22 October	Deadline for responses
30 October	Draft FMR published for industry comment
6 November	Deadline for comments
21 November	Draft FMR published with Panel Papers
29 November	Panel Recommendation Vote
3 December	Final FMR circulated for Panel comment
10 December	Deadline for Panel comment
12 December	Final report sent to Authority for decision
21 January 2014	Indicative Authority Decision due (based on 25 day KPI)

Appendix A

A Market Suspension Period will be triggered if any of the criteria for the Market Suspension Threshold are met:

(1) Cumulative impact of the Partial Shutdown is equal to or greater than the amount stated in the BSC (currently 5% of National Demand lost from the Transmission System);

or

(2) National Grid no longer has sufficient pre-shutdown forecast data to accurately determine the amount of demand lost;

or

(3) 72 hours have elapsed since the Partial Shutdown was declared.

Appendix B – CUSC Text (Section 11)

“ Interruption Payment ”	the payment for a Relevant Interruption calculated as follows...
“ Relevant Interruption ”	an Interruption other than an Allowed Interruption ;
“ Allowed Interruption ”	shall mean an Interruption as a result of any of the following: ... c) (i) a Total Shutdown or Partial Shutdown (ii) a Partial Shutdown , but only for any period of Interruption which coincides with a Market Suspension Period ;
“ Market Suspension Period ”	as defined in the Balancing and Settlement Code ;

Appendix C – BSC Text

Definition under X-1

"Market Suspension Period": the period determined in accordance with Section G3.1.3(a) *[3.1.3 refers to a Market Suspension in the case of a Total Shutdown]* or G3.1.7(b), as applicable;

G3.1.7 Where the Market Suspension Threshold has been met, or deemed to be met, in accordance with paragraph 3.1.5 *[3.1.5 gives criteria for market suspension]* then:

(b) a Market Suspension Period shall exist, and the provisions of paragraphs 3.1.8 and 3.2 shall apply, with effect from the start of the Settlement Period determined by BSCCo under paragraph 3.1.7(a) *[3.1.7(a) determines the Settlement Period when the Market Suspension threshold is met]* until the end of the Settlement Period immediately before the Settlement Period determined by the Panel under paragraph 3.1.8 *[3.1.8 determines the first Settlement Period post-Market Suspension where normal operation is considered to resume]*; and...

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