

# CMP405

## DEMAND CREDITS DETAILED DESIGN OPTIONS

SSE



# OPTIONS FOR “CONSTRAINED ALF” DETAILED DESIGN

Design area	Options	Pro's	Cons	SSE comment
<b>Definition of a constrained period</b>	System tagged event	- easy to identify	- doesn't take account of action that prevented a constraint (or a future constraint), or if despatched - for Zone 1, which boundary/s should be calculated	
	System tagged plus avoidance of wind curtailment	- better reflection of “constrained periods”	- more difficult to calculate	<b>SSE's preference</b>
	High incidences of wind net demand	- Not linked to BM/actions - Potentially easier to calculate	What level? All operating? Operating above 50%, 75% etc - potentially impact dispatch decisions	

# OPTIONS FOR “CONSTRAINED ALF” DETAILED DESIGN

Design area	Options	Pro's	Cons	SSE's initial preference
<b>Settlement stage “constrained ALF” is calculated on</b>	Final Physical Notification	- Avoids any potential for double counting with BM revenues	- Potential to under reward - More difficult to account for full benefits in a business case	
	Outturn charging (post balancing actions)	- takes account of all constraints relief - consistent with existing charging approach - works in similar way to calculating credit for negative Peak Zones	- may be potential for double counting of BM revenues (though this is significantly reduced/removed with BSC mod p462)	
<b>Calculation of “constrained ALF”</b>	Modelled output e.g. CM de-rating factors	- No potential for impact on dispatch decisions	- could be very involved - potential for the outcome to be questioned or non transparent	
	5 year rolling average	- outcome is a known number not impacted by input assumptions	- initial period would still require estimation - historic performance may not reflect the future - how to calculate new technologies	This may be a more practical option