

CUSC Amendment Proposal Form	CAP170
<p>Title of Amendment Proposal: Category 5 System to Generator Operational Intertripping Scheme</p>	
<p>Description of the Proposed Amendment (<i>mandatory by proposer</i>):</p> <p>CAP076 (System to Generator Intertripping Scheme¹) was implemented in 2005 to improve the framework for system to generator intertripping schemes in terms of facilitating clarity of obligations between National Grid and the associated generator with respect to the arming and operation of intertripping schemes, and removing cost volatility associated with previous arrangements. To achieve this CAP076, and corresponding Grid Code amendment A/05, introduced four categories of system to generator operational intertripping schemes. As defined in the Grid Code, these are:</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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.</p> <p>CAP076 did not cover intertrips outside of these categories; all other schemes were envisaged to be covered via bilateral commercial arrangements between National Grid and the generator (going forward these will be referred to as commercial intertrips).</p> <p>This proposal seeks to introduce a new category 5 System to Generator Operational Intertripping Scheme to cover intertrips capable of being armed with respect to a derogated non-compliant transmission boundary, which are not captured by categories 1-4. A derogated non-compliant transmission boundary would be defined as a boundary on the transmission system which is subject to an Authority approved derogation to the GB Security and Quality of Supply Standards.</p> <p>(i) Remuneration for administered intertripping schemes</p> <p>It is proposed that the category 5 System to Generator Operational Intertripping Scheme will receive remuneration in line with existing arrangements for the Category 2 and Category 4 System to Generator Operational Intertripping Schemes as detailed in the CUSC. These payment terms were proposed by the Working Group during the CAP076 development process, having been considered by the Working Group to be cost-reflective and offer appropriate terms for remuneration. This payment includes:</p> <ul style="list-style-type: none"> - An annual Capability Payment for the installation and right to arm the scheme (covering costs such as additional staff training, upkeep of policies and procedures) 	

¹ http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/amendment_archive/

- An Intertrip Payment covering costs of wear and tear following a trip
- A Restricted Export Level Payment following tripping should National Grid be unable to restore the Transmission capacity within 24 hours following the trip

(ii) Framework and obligations

The category 5 System to Generator Operational Intertripping Scheme will be administered via generic terms in the CUSC and Grid Code (regarding obligations of schemes and remuneration terms). Site specific technical details, as with categories 1-4, will be included in the relevant F3 appendix of the Bilateral Agreement.

(iii) Application

The category 5 System to Generator Operational Intertripping Scheme would be applied to intertrips capable of being armed with respect to a derogated non-compliant transmission boundary, which are not captured by categories 1-4.

The Amendment Proposal would apply to existing generation which has an intertrip capable of being armed in respect of such a boundary, as well as being capable of being applied as a condition of connection to new connections with respect to such boundaries.

It is envisaged that such schemes will be in place under these arrangements until such time as the nature of the boundary changes (i.e. the derogation is removed).

If a decision to implement this Amendment Proposal is made, such a decision will need to include a direction from the Authority (in line with the variation clause of the relative Bilateral Agreement) to amend existing Bilateral Agreements in line with this Amendment Proposal.

Please note that whilst the proposer believes that this Amendment Proposal better facilitates the applicable CUSC objectives, the proposer is aware that a full review of commercial intertrip arrangements will be necessary should this Amendment Proposal be implemented on an urgent basis, in accordance with CUSC 8.21.1.9.

Description of Issue or Defect that Proposed Amendment seeks to Address (mandatory by proposer):

Ofgem wrote to National Grid on the 17th of February 2009² requesting an immediate and urgent review of the commercial and charging arrangements in order to facilitate more effective management of constraint costs.

Constraint costs have increased from £70m in 2007/08 to a forecast £238m in 2008/09 and £262m in 2009/10. As Ofgem highlight in this letter the forecast constraint costs are heavily influenced by transmission outages as part of the investment programme to increase network capacity. This is particularly true at derogated non-compliant transmission boundaries which require significant periods of extended outage to allow the necessary reinforcement to work towards making the boundaries compliant and the use of intertrips is a necessity rather than an occasional tool in order to maximise flows across the boundary.

One tool available to National Grid, as System Operator, to manage constraints is the use of intertrips. Whilst intertrips are armed pre-fault, the principal cost is incurred post-fault following tripping. Therefore based on the low probability of tripping they should represent a more economic and efficient means for managing constraints than the alternative Bid-Offer action to constrain generation pre-fault. Administering prices for intertrips capable of being armed in respect of derogated non-compliant transmission boundaries would offer a useful means to limit potential costs.

Therefore in light of Ofgem's recent request to review the options for reducing the level of constraint costs, and with particular focus on the suggestion that "*NGET could seek to reduce the price of resolving constraint actions by limiting constraint payments and/or by reducing the right for parties to receive payments in certain situations*" National Grid is proposing the current amendment to introduce a category 5 System to Generator Operational Intertripping Scheme to cover intertrips capable of being armed with respect to a derogated non-compliant transmission boundary.

² <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=97&refer=Networks/Trans/ElecTransPolicy/tar&sid=email>

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

Changes including, but not limited to:

- CUSC Section 4: Balancing Services, including:
 - 4.2A amended to add additional reference to payment terms for category 5 intertrip
 - Schedule 4 amended to reflect payment rates for category 5

CUSC Section 11: Interpretations and Definitions

- New definition for "Category 5 Intertripping Scheme"

Impact on Core Industry Documentation *(this should be given where possible):*

Changes are also required to the following industry documents to fully implement this proposal:

- Grid Code including but not limited to a new definition for Category 5 Intertripping Scheme, a new definition for Derogated non-compliant Transmission Boundary and amendment to existing definition for System to Generator Operational Intertripping Scheme

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

None

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

Changes to the relevant Bilateral Agreements to amend the appendix F3 for those covered by this amendment. If a decision to implement this Amendment Proposal is made, such a decision will need to include a direction from the Authority (in line with the variation clause of the relative Bilateral Agreement) to amend existing Bilateral Agreements in line with this Amendment Proposal.

Justification for Proposed Amendment with Reference to Applicable CUSC Objectives**
(mandatory by proposer):

As proposer of this modification National Grid believes that the introduction of category 5 System to Generator Operational Intertripping Scheme to cover intertrips capable of being armed with respect to a derogated non-compliant transmission boundary would better achieve the applicable CUSC objectives in the manner described below.

(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence.

- Facilitating economic and efficient use of all intertrips capable of being armed with respect to derogated non-complaint transmission boundaries
- Clarifying the responsibility and remuneration for intertrips capable of being armed with respect to derogated non-compliant transmission boundaries
- Reducing National Grid and industry exposure to the consequences of the operation of bilaterally negotiated schemes capable of being armed with respect to derogated non-compliant transmission boundaries

(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.

- Ensuring an enhanced level of market certainty with regards to processes, responsibilities and remuneration for intertrips capable of being armed with respect to derogated non-compliant transmission boundaries
- Limiting the potential BSUoS cost for all parties, by limiting the cost of intertrips capable of being armed with respect to derogated non-compliant transmission boundaries

Details of Proposer: Organisation's Name:	National Grid
Capacity in which the Amendment is being proposed: (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	David Smith National Grid 01926 5534 david.m.smith@uk.ngrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Rob Smith National Grid 01926 654076 robert.smith@uk.ngrid.com
Attachments (Yes/No): If Yes, Title and No. of pages of each Attachment: Yes – indicative drafting of changes to CUSC (as a separate 2 page attachment)	

Notes:

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

The completed form should be returned to:

Bali Virk
Commercial Frameworks
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Or via e-mail to: Bali.Virk@uk.ngrid.com

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

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