

## **Outcome of ALoMCP Steering Group, 25 June 2020**

### **to consider recommendation for Fast Track**

#### **Steering Group Decision:**

- Support the concept and the process for fast tracking high value applications, and
- Approve the details for the first fast tracking scheme as applied to up to 700 sites
  - Agrees not to apply the scheme retrospectively to sites that have already completed the works, that otherwise meet the criteria.

#### **Steering Group discussion:**

- Flexibility on the site capacity eligibility thresholds
  - The 0.5-4.999 MW thresholds will be applied strictly
- Communicating the Fast Track, how will it be implemented?
  - Direct and indirect communication channels will be used
  - Direct to identified sites where possible, recognising that there is insufficient detail to be easily able to identify all eligible sites
  - Indirect communication will include through website, social media, trade bodies
  - Agreed the need for clear communications on why Fast Track is being introduced and eligibility for Fast Track
- Progress: proposed to track take-up of Fast Track and after 3-4 weeks consider if the scheme needs to be extended for longer than the currently planned 7 weeks.  
Considerations include:
  - Discussion on whether the four-week implementation period for accepted applications is sufficient. Agreed to proceed and review if take up is low.
  - Applicants will also be encouraged to engage with their DNO/ iDNO ahead of submission of application to provide more lead time to schedule works and witnessing, where required.
  - Is £5k sufficient to bring in applications?
  - Ability to identify suitable applicants and encourage them to apply.
- Administering Fast Track: Acknowledged that there may be additional costs for Licensees in administering the Fast Track (more frequent pre-qualification and assessment activity).
- Discussion on recommendation to not apply the Fast Track payment retrospectively. Concern raised about this approach. Concern recognised, but Steering Group recognised the changed circumstances regarding progress to date and network conditions justified the addition of Fast Track, where the additional payment reflected the programme's need for priority sites to bring forward outages to implement changes.
- Risk of further delay: Steering Group recognised the potential risk of some sites delaying work in the expectation that another Fast Track scheme or a higher payment may be available in the future.

## **Appendix: Fast Track proposal**

### **Background**

The majority of the cost incurred in managing the LoM risk on the GB transmission system is associated with managing the worst case RoCoF to below 0.125Hz/s. This cost has been within the range of £150m/annum and is increasing significantly due to the reduction of demand resulting from the COVID 19 lockdown.

To reduce this cost, it would be necessary to change the protection settings for an estimated of 1GW of generation capacity with RoCoF settings of 0.125Hz/s and a further 0.75GW of capacity with RoCoF settings of 0.2Hz/s.

### **The Issue**

So far, 122MW with 0.125Hz/s and the 0.2Hz/s RoCoF protection has had its protection settings updated through the ALoMCP with further 190MW currently going through the process. This is not sufficient to have any impact on operational costs.

### **Solution Proposed**

To further accelerate the change at sites that have a significant effect on the cost of managing RoCoF constraints, the Customer Support workstream proposes a mechanism to fast track these sites. This mechanism will involve:

- Defining strict criteria that sites would have to meet to be fast tracked through the process. The criteria must include a short lead time.
- Agreeing a budget and a cap on the number of sites to be approved ahead of receiving any applications.
- Running the assessment for the sites that meet the fast-tracking criteria over a weekly, rather than quarterly, window.
- Offering an additional payment for those who fast track their works as means of incentivising them to complete the works ahead of their regular maintenance schedules.
- Successful Fast Track applicants providing a reduced level of at least five days' advance notice of site works to enable their DNO / iDNO to schedule witnessing if required by the DNO/iDNO.

Fast tracking would run in schemes with each scheme having its own criteria, cap, and additional payment.

All sites that meet the criteria of the scheme will be given the opportunity to be fast tracked. This includes applications in relation to sites that have not had an application approved and are yet to complete the works, sites that have not had an application approved but have proactively completed the works ahead of application, and sites that have had an application approved but only in cases where this results in them working to a shorter schedule.

The additional payment will not be made available to sites that have had an application approved if the works have already been completed or are scheduled for completion within a short period of time. This position may result in some reputational damage as early adopters may feel disadvantaged.

### **Scheme Details**

The objective of this scheme is to achieve a significant reduction in the capacity at 0.125Hz/s RoCoF risk and 0.2Hz/s RoCoF risk without incurring significant costs and without diverting significant resource to complete the works at a large number of sites with low capacity. While doing this, it will be important to continue to fine tune the scheme to take into account the uncertainty in the assumptions and the response of the market to the scheme.

Our initial estimate is that the total capacity that needs to be addressed ranges from 0.875GW to 1.75GW at a number of sites ranging from 5250 to 10500. 90% of this capacity is at sites with capacity ranging from 0.5MW to 4.99MW. This range corresponds to 7.2% of the total number of sites exposed to this risk.

Some of the sites in scope will have already completed the works. Taking these into account, and in order to achieve the 90% reduction in risk, it would be required to attract up to 700 additional applications. To ensure there is no detrimental impact on resource, it is proposed that the objective of 700 sites is achieved in stages with each stage covering 100 sites.

In developing proposals for the level of incremental payment made in return for fast tracking, the Customer Support and Value Assurance workstreams have considered relevant benchmarks. This includes the potential cost of the outage required to undertake the works and the materiality of the incentive. Based on both factors, an additional payment of £5000 per site is considered an appropriate value.

The maximum cost of payments made to generators under this fast-tracking scheme will be in of £3.5m which would be reached only after all 7 application blocks were filled.

If the additional payment is to be offered for the 60 sites that have had an application approved and have already completed the works, the additional cost would be £0.3m. This additional cost is small when viewed in the context of total programme costs. However, offering such payment in this case may be seen to set a precedent for future fast-tracking schemes where the impact could be much more significant. A summary of the scheme details is in the table below:

Item	Description
Scheme becomes active on	29/06/2020
Cap	700 Sites to be advertised in stages with 100 sites each stage
Criteria	<p>Minimum site capacity: 500 kW</p> <p>Maximum site capacity: 4999 kW</p> <p>Type of LoM protection: RoCoF</p> <p>Pre-change RoCoF settings: Up to and including 0.2Hz/s.</p> <p>Lead time: Less than or equal to 4 weeks</p>
Incentive payment	£5000 (plus VAT) per site

All sites that meet the criteria of the active fast-tracking criteria will be fast tracked.