

## Overview of draft consultation on loss of Transmission access (CAP48 & CAP144)

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## Brief Recap CAP48 / CAP144

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- CAP48 – Temporary Physical Disconnection
- CAP144 – Emergency Disconnection
- For a planned CAP48 disconnection (notified by 16:00 day ahead)
  - Each day or part day attracts a refund of TNUoS charges (if the site incurs negative TNUoS charges, compensation is based on average TNUoS charges)
- For an unplanned CAP 48 disconnection - compensation during the first 24 hours is based on MIP (for MW impacted) followed by a rebate of TNUoS charges for each day or part day (or average TNUoS charges if appropriate)
- For an emergency disconnection - compensation (for MW impacted) is based on the SBP to the BM window followed by MIP for up to the first 24 hours followed by a rebate of TNUoS charges for each day or part day (or average TNUoS charges if appropriate)

## Key areas of consultation

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- Consultation covers 7 key areas:
  - Alignment of CAP48/ CAP144 compensation
  - Type of access loss eligible for disconnection
  - Duration of initial compensation period
  - Compensation following restoration of access
  - Appropriateness of TNUoS-based compensation
  - Compensation over and above existing levels
  - Recovery of costs by National Grid / Project TransmiT

# Alignment of CAP48/ CAP144 compensation (section 3.1)

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- CAP48 (unplanned disconnection) compensation is very similar to CAP144 the only difference is that compensation up to the BM Window is compensated at MIP rather than SBP.
- This section (3.1) proposes changing CAP48 compensation so that compensation to the BM Window is also at SBP.

## **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)?

- Comments ? Justification ?

# Types of access loss eligible for compensation (section 3.2)

- Under CAP48 if a BM unit is de-energised solely due to an issue on the transmission system then it is eligible for compensation.
- CAP48 compensation could be expanded to include other types of access loss as detailed in the consultation (text below).
  - *In some instances, loss of access, 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.*
  - *Some BSSG members suggested that the compensation arrangements for loss of access should be amended to accommodate such a situation; others felt that as the internal power station configuration contributed to the loss of access and that this was not in the control of the system operator, these type of situations should not be compensated.*

# Types of access loss eligible for compensation (section 3.2)

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## **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.

- Comments? Justification?

# Duration of initial compensation method (section 3.3.1)

- CAP48 compensation for the initial 24 hours is paid at Market Index Price (MIP). Section 3.3.1 proposes extending to 36 hours.
  - *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.*
- Is the justification sufficient? Comments?

## **Consultation Question 3**

Do you think an initial compensation period of 24 hours at Market Index Price (MIP) is sufficient?

## **Consultation Question 4**

Do you think an initial compensation period of 36 hours at Market Index Price (MIP) would be more appropriate? Please provide rationale.

# Appropriateness of TNUoS-based compensation (section 3.3.2)

- Both CAP48 and CAP144 compensation is based on a refund of TNUoS charges (after the initial period), section 3.3.2 proposes this should be based on LDTEC tariff (~3 times higher) instead.
  - *A key element of the compensation schemes for both notified and unplanned loss of access is the rebate of TNUoS charges. 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 charges which carry a premium. Some BSSG members have suggested that as a user is required to purchase short term Transmission Entry Capacity at a premium, the loss of access should also be compensated using a similar premium mechanism.*
- Is the justification sufficient? Comments?

## **Consultation Question 5**

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.



# Compensation over and above existing levels (section 3.3.3)

- This would be additional compensation over and above the current level.
  - *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.*
- Is the justification sufficient? Comments?

## **Consultation Question 6**

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 7**

If the answer to Q6 is yes:

- 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 Q7 (a) should be limited to 4 weeks?

# Compensation following restoration of access (section 3.3.4) nationalgrid

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- Currently compensation is only paid for the period of disconnection, once access is restored, compensation ceases. Section (3.3.4) proposes an additional compensation period following restoration of access.
  - *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.*
- Is the justification sufficient? Comments?

## **Consultation Question 8**

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

## **Consultation Question 9**

If the answer to Q8 is yes:

- a) Should the additional period be non-technology specific (e.g. same compensation periods for wind and nuclear plants)?
- b) Should the additional period be technology specific? Please provide rationale.

## Recovery of costs by National Grid (section 3.4) & Project TransmiT (section 3.5)

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- Section 3.4 discusses how costs are recovered by National Grid.

### **Consultation Question 10**

Do you think that Transmission Owners should be incentivised to minimise loss of transmission access and associated costs?

- Section 3.5 discusses if the review of the compensation arrangements should be delayed pending the outcome of Project TransmiT.

### **Consultation Question 11**

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

- Comments?