

Response Energy Payment



BSSG 29th January 2014

Recap on Response Energy Payment (REP)

- All licensed generators are obliged under Grid Code to provide mandatory frequency response
- A generator is paid a Holding Payment for its capability and is paid or pays an energy payment for changes in output
- Current CUSC provision for response energy payment
 - Low Frequency – energy delivered (MWhr) * Market Index Price * 1.25 paid by National Grid to generator
 - High Frequency – energy reduction (MWhr) * Market Index Price * 0.75 paid by generator to National Grid
 - It is designed to reflect fuel cost incurred or saved in relation to response energy
 - It does not reflect cost incurred for renewable generators e.g. wind
- Last meeting BSSG recommended the option below to be submitted for CUSC Panel
Reverse the current methodology for renewable plants

National Grid Further Considerations

- National Grid propose a phased solution to REP issue

- Short Term – No CUSC Change (now – 2016/17)

National Grid is willing to enter a Commercial Agreement with renewables to incorporate an appropriate REP arrangement

- Offer the same T&Cs to all applicable parties
 - Remove the risk of REP exposure

- Medium/long term - Create a level playing field for all generators

- Assess the effectiveness of the short term solution
 - Take into account Market Movements e.g. EMR, SCR & new connections
 - Despatch System feasibility study

Proposed Next Steps

- National Grid welcome BSSG's views on the proposed solutions
- National Grid will communicate the short term solution with all the renewables
- National Grid will continuously monitor the holding prices movement and report back the outcome of the short term solution to BSSG