

CAP48, CAP76 & CAP144



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Proposal Implementation

| Modification | Implemented Date |
|--------------|------------------|
| CAP48 | Mar-2004 |
| CAP76 | June-2005 |
| CAP144 | June-2008 |

Summary of Proposals (CAP048)

- CAP048 – Generators compensated for planned and un-planned transmission access outages (Alternative Proposal C Implemented), compensation:
 - Planned outages - Higher of site or average TNUoS payment
 - Un-planned outage - MIP for first 24 hours then TNUoS as above
 - Compensation the difference between available CEC and TEC (different to original, A & B proposals)

- Other compensation methods explored and rejected:
 - Original Proposal - Compensation ex-post to cover loss of profit from generation, BM services, imbalance exposure and BM bids and offers. Compensation for settlements periods BMU disconnected + 4 subsequent periods (to allow time for submission of PN). Total BMU CEC compensated up to station TEC
 - Alternative A - Compensation using formula to estimate of average lost profits for each settlement period. Total BMU CEC compensated up to station TEC. Duration, settlement periods affected + four subsequent periods
 - Alternative B - Compensation of TNUoS and connection charges, settlement periods affected + 4. Total BMU CEC compensated up to station TEC.

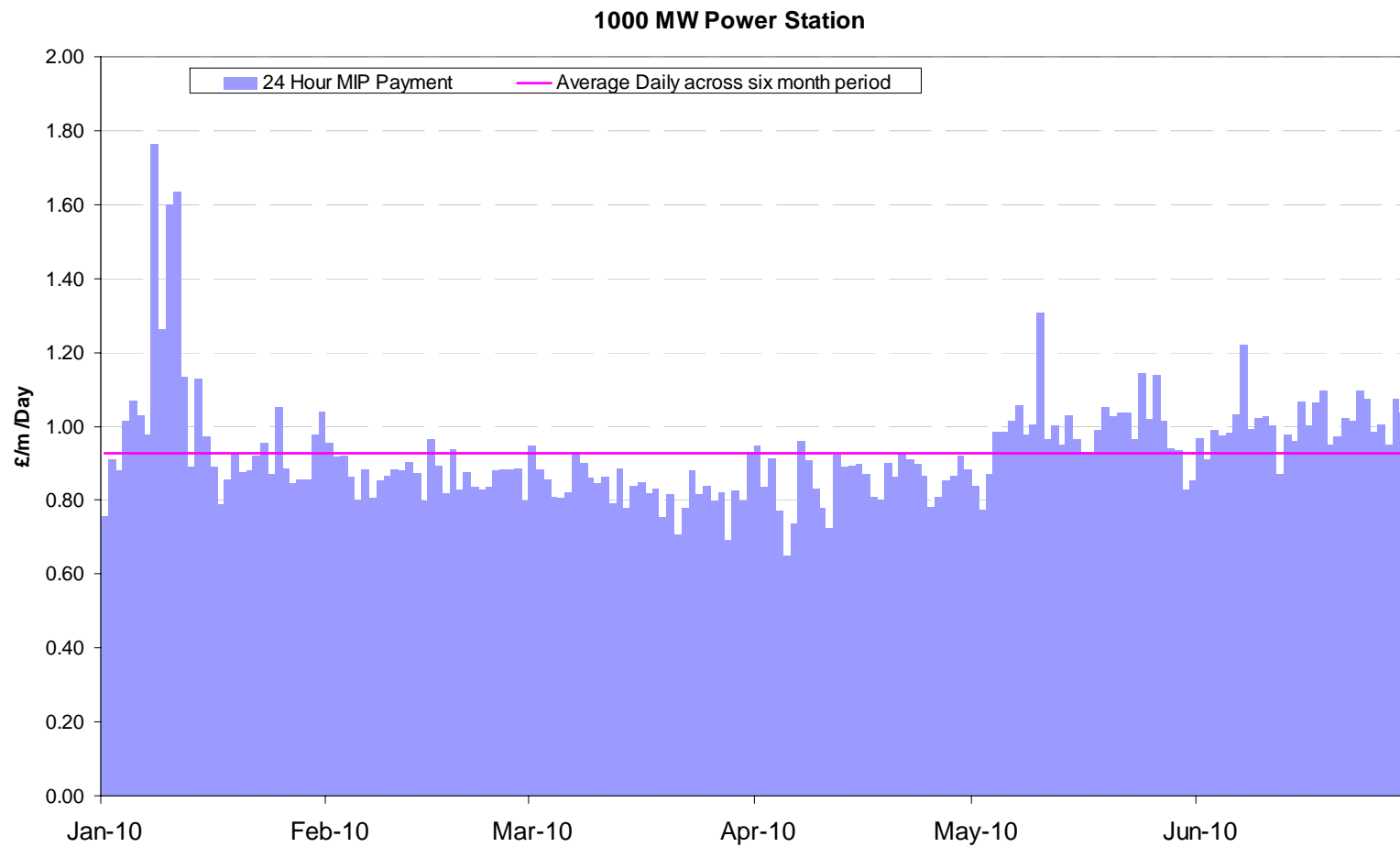
Summary of Proposals (CAP144)

- CAP144 – Changed compensation arrangements for Emergency Instruction (EI) notifications, these fall outside CAP48. Prior to CAP144, EI were treated as Bid-Offer Acceptances with potentially high cost (£99,999/MWh), compensation under CAP144 as follows (WGAA1 - Working Group Amendment 1 Approved):
 - SBP to BM Window (Majority of occasions (Jan-09 to Jul-10), $SBP \leq MIP$ (~66%))
 - MIP for first 24 hours (as CAP48)
 - Higher of site or average TNUoS payment (as CAP48)
- Other compensation methods explored and rejected:
 - Original Proposal - Compensation as CAP48
 - WGAA2 – Compensation treated in similar manner to an inter-trip (Cat 2), compensation of 400K
 - CAA2 – (Consultation Alternative Amendment 2) –SBP to BM, MIP from initiating event for entire duration, and daily pro-rated TNUoS rebate for any day or part day. Compensation coincident.

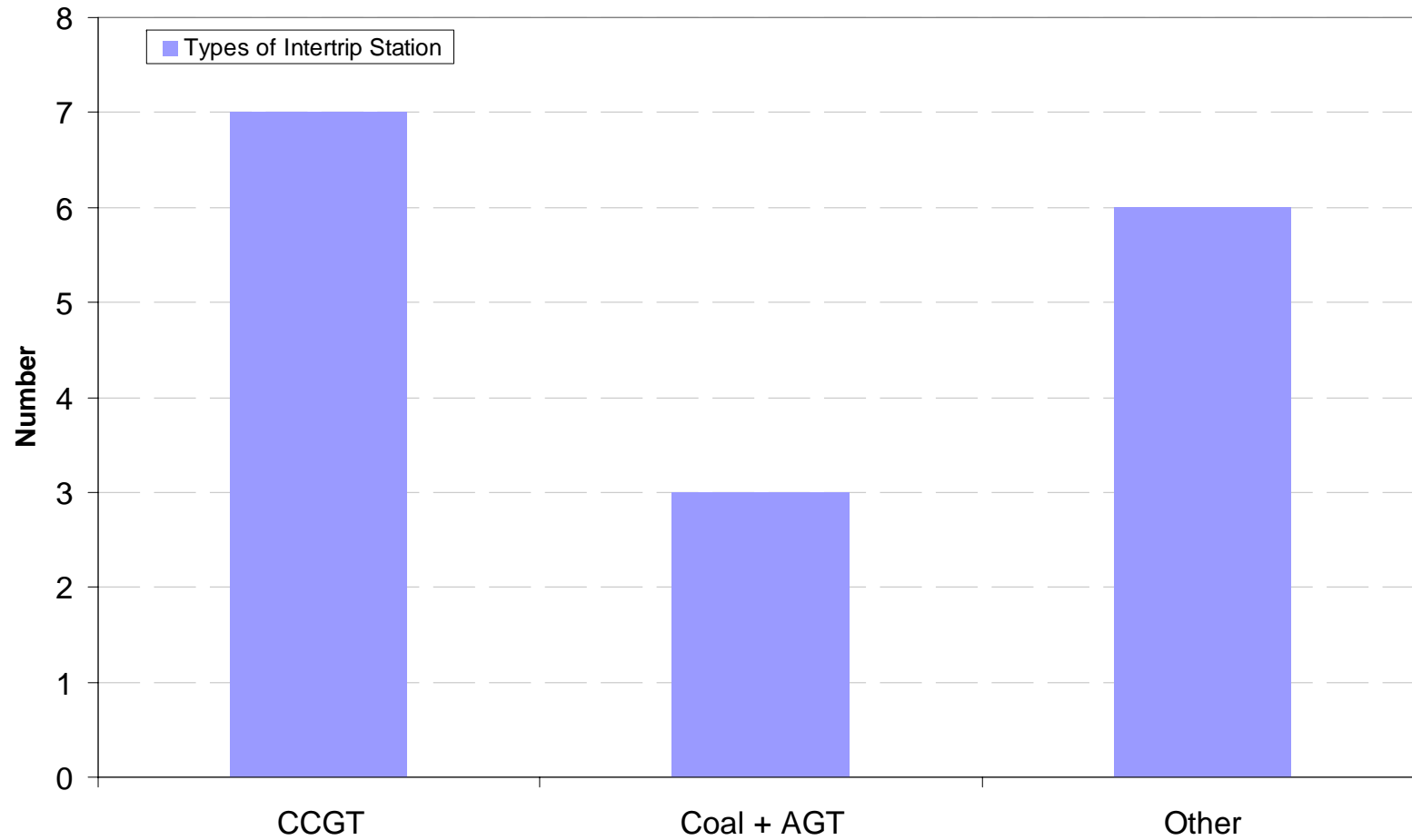
Summary of Proposals (CAP076)

- CAP76 – Proposed a revised framework for System to Generator Inter-tripping schemes (Original Amendment approved), compensation as follows:
 - Annual Capability fee – 30k
 - Incident Trip Fee – fee paid if a generator tripped, 400k
 - Restricted Export – if access not restored within 24hrs, rebate of daily TNUoS
- Other compensation methods explored and rejected:
 - WGAA A - Original + bilaterally agreed arming fee [paid on a £ per settlement period, fee cost based - cost of an insurance premium required to negate any consequential costs that could occur if the Intertrip scheme operated]
 - WGAA B - Original + an administered arming fee [arming payment would be intended to cover the costs to the generator of managing the additional risks imposed by the arming of the intertrip, alternative proposed a figure of £50k per week is used to determine the level of the arming fee – Cat 2 trips only as these intermittently armed]
 - WGAA C - Original + post event claims process [generator who tripped as a result of the operation of a Intertrip Scheme would in certain circumstances be able to claim for physical damage to plant arising directly from the trip]
 - WGAA D - Original + administered arming fee + post event claims process [based on a combination of two of the above]

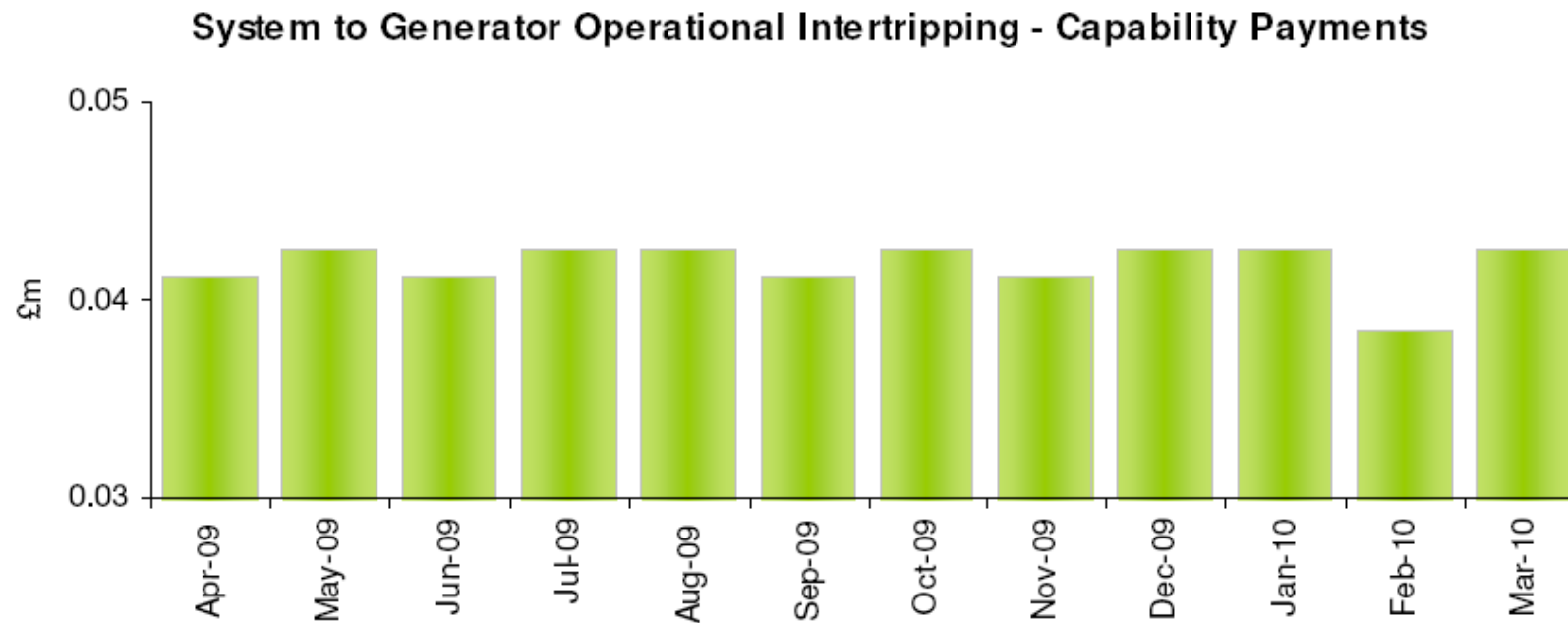
CAP048 & CAP144 – MIP for 24hrs (1000MW)



CAP076 - Intertrip Stations



CAP076 Capability Payments



£30k/annum indexed – Total £0.5m for 2009/10 vs £0.47m in 2008/09

Compensation

- Original Capability Fee 30k – Total £0.5m to twelve months to Mar-10 (Fee now ~35k/year/unit 2010/11)
 - Fee intended by working group to cover the costs of staff training a range of costs discussed, based on the time to train one individual, the number of individuals requiring to be trained, typical patterns of shift working and the full time equivalent cost of these individuals. 30k agreed figure.
- Original Tripping Fee 400k - (Fee now 463k 2010/11)
 - 1 payment since 2005
 - Original Trip Fee derived with reference to lost operating hours, with each trip estimated to loose 300 operating hours at prices per EOH ranging from £250-£700 (75k-210k). Wear and tear also considered and start up fuel to bring unit back on, range of figures considered (100k- Gas unit, 400k-coal unit) with a final figure of 400k settled on.
- No Cat 1 & Cat 3 Intertrips (non-payment) at the moment

Development Options

- CAP48 & 144, Pricing structure very similar, CAP144 has SBP initially then MIP while CAP048 has MIP immediately, CAP144 WG rejected compensation as CAP048
 - Standardise both to have SBP initially (SBP <= MIP (~66%) occasions Jan-10 to Jul-10)
- Intertrip payment of 400k per trip calculated to provide adequate compensation
 - Compensation to only apply if unit generating at time of trip
 - Base payment on commercial Intertrip payments
 - Payment based on generation unit size rather than generic 400k
 - Differing payments based on generation type
- Market related payments for CAP076 (based on CAP48/144) were looked at by the working group but no member wanted to progress this.
 - Option for payments to be based on MIP for actual period trip operational with payment structure consistent with CAP144