



First Hydro Company is part of a joint venture between
International Power plc and Mitsui & Co., Ltd.

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22nd February 2010

Dear Lesley,

CAP170 Category 5 System to Generator Intertripping Scheme

International Power (IPR) is responding to your consultation on behalf of First Hydro Company, Saltend Cogeneration Company Ltd, Rugeley Power Ltd, Deeside Power Ltd and Indian Queens Power Ltd.

Our response to the RIA in July covered the two key areas of safety and post trip compensation arrangements. Following the publication of your open letter of 26th January 2010 we provide the following points.

We do not support the proposed change. Our concerns fall into two main areas: firstly, safety issues relating to the type of plant that could be asked to provide this service and, secondly, the post trip arrangements. Our safety concerns were articulated in our response to the July consultation but we have provided additional details on our concern of the post-trip compensation arrangements.

The post trip treatment of an intertripped generator is significantly different to the treatment of a generator operating in the Balancing Mechanism. Following an intertrip the generator receives imbalance compensation for a maximum of 1.5 hours plus the tripping fee. Re-connection to the system is only allowed once National Grid is able and willing to accept the generator back onto the system. There is no time limit associated with disconnection which could last days or weeks.

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As part of the initial working group discussions the trip fee of £400k was always seen as an approximation that was likely to compensate a generator for a short term disconnection, although we do not believe that any rigorous analysis was performed to arrive at this fee.

The main variables that determine the actual cost of a disconnection are:-

- Size of the loss (MW)
- Duration of disconnection where no traded action is possible
- Duration following disconnection when the return time is being established; this can be up to [24] hours as the TO seeks to understand the cause of the fault and the extent of any damage.
- Duration following disconnection when the return time is established and understood by both parties and loss mitigation actions can be taken.
- The proposed (FPN) or anticipated (FPN + BOA) running pattern of the disconnected unit(s)
- The cost of imbalance following the trip
- The lost profit from being unable to generate subsequent to the trip.

Experience shows that the £400k tripping fee is unlikely to meet the costs associated with a disconnection of a large BM unit (over 300MW) where damage to the TO assets was sustained.

We believe that the post trip compensation arrangements need to be addressed as a part of the proposal. We believe that further analysis should be undertaken to establish an appropriate mechanism that compensates a generator in a fair manner for the cost of disconnection. This is especially important given that intertrips can be mandated on a generator.

We believe that this proposal should be rejected until the issues associated with safety and post trip compensation have been addressed.

Yours sincerely,

Simon Lord.

Transmission Services Manager