

SP Transmission comments regarding User Commitment as a mechanism to provide information on generators operational plans

Information on generators operational plans is an important element of long term network planning and investment decisions. Changes to the baseline generation within a transmission area can result in a requirement for network reinforcement (both in-area and boundary) or potentially remove or delay a requirement for boundary reinforcement.

Typically reinforcement requirements are associated with increases in generation or demand, however it is important to remember that a requirement for network reinforcement can be a direct result of a generator decommissioning, for example, in order to maintain system voltage.

The lead-time for delivery of major reinforcement of transmission infrastructure can be significant, so early investment decisions are critical to the robustness and stability of the transmission network.

User Commitment is one possible mechanism through which better information may be obtained on generators long term plans. However, generators are best placed to inform the debate on whether this is likely to be an effective mechanism for obtaining better information as this ultimately relates to the economics of their generating plant.

Given that the generator representatives at ARODG have commented that:

- TNUOS represents a relatively small element of generators economics so is unlikely to be a major factor in generators planning decisions
- Any TNOUS commitment would be treated as a sunk cost and would provide no real information on decommissioning plans

It seems unlikely that this mechanism would provide much better information than is currently available and that alternative mechanisms could better provide this information, such as stronger obligations within the CUSC and changes to the SO/TO code.

This highlights one risk of basing investment decisions solely upon user commitment, that is the risk of under-investment in transmission infrastructure. It is highly likely that an infrastructure investment plan driven solely by user commitment will ultimately result in problems with voltage support and possibly network stability.

For example, where a generator has committed to future TNUOS but notwithstanding had told National Grid of a firm intention to close, it is clear that planning decisions should be informed by the pending closure.

Whilst user commitments can play a part in informing infrastructure investment decisions they must not ultimately constrain these long term planning and investment decisions to the detriment of the transmission network and its' users.