



March 28, 2006

## Provision of Information by Generators to NGET

**Introduction** This note is in response to discussion at the ARODG. It considers the current information provision by Generator/developers to NGET and the areas which would need to be addressed in the event that further obligations are to be progressed.

### **Network Access and Information – Current Position**

1. Generator/developers currently provide information to NGET in compliance with the Grid Code (see details below) and in discharge of a licence obligation. This information quantifies their expected access requirements and utilisation for up to seven years ahead. The duration of firm commercial obligation for purchase of access is co terminus with the knowledge of firm TNUoS charge: the financial year. In the current financial year they purchase TEC ( $\leq$ CEC), but this does not provide detailed information about their capacity available to generate, nor of their generation 'on-the-day'. NGET need information in different timescales, for differing reasons:
  - a. Long-term information (1-7 years ahead to gauge investment)
  - b. Medium term information (1-5 years to optimize R&M)
  - c. Short-term information ( $<1$  year to optimize the system configuration)
  - d. Operational information (to maintain the system in balance)

### **Generator's Obligations**

2. All Licensed generators are obliged to comply with the provision of the Grid Code. Un-licensed generators may be required to comply depending on their location and size. The Grid Code specifies what information generator/developers must provide and in what timescales. Some of the relevant information obligations are summarized below.

Planning Code	Seven year Statement annual provision of anticipated access requirement and planned decommissioning
Planning Code	Application for connection terms including detailed description, CEC, TEC and desired completion date
Planning Code A.5.6.1	Mothballed generation return times
Operating Codes OC1	Provision of data in Programming Phase, Control Phase & Post-Control Phase
OC2	Coordination of Repair & Maintenance by provision of outage information. From current year to up to 5 years ahead, timing resolution increases nearer to real time, outage times/durations, plus flexibility, plus output usable
Balancing Code BC1, BC2 & BC3	BM timescales pre and post gate closure provision of availability information

### **Information Quality**

3. Concern has been raised that the information provided by generators is of insufficient quality and robustness to allow NGET to act in an informed way, particularly in the longer term. From the generator's perspective the issue here is not the quality of the information provided, but rather the interaction with the dynamics of the market place. Generator/developers will provide Seven-Year Statement and OC information under a 'best endeavours' obligation within their licence. However, the dynamics of the market may mean that reasonable commercial positions taken at one point in time

can become invalid or inappropriate. It is paradoxical that precisely at the time when the market is most in a state of flux and suffering from policy uncertainty, is the time when the best quality information is needed in order to underpin strategic investment.

4. Examples of longer and shorter term issues that can drive changes to commercial positions are:
  - a. Winter 05/06: This winter's rapid change in gas price on the mainland of Europe causing substantial displacement of gas generation by coal; this had an impact primarily in the operational/short-term arena, via balancing costs;
  - b. LCPD: Clarification of the LCPD leading to decisions about whether coal and oil-fired plant would opt in or out. This has allowed generators to take general strategic decisions about how long their remanent life is but not the detailed commercial strategy of how that life will be used. This gives NGET greater knowledge than before, i.e., 20,000 hours per station and which stations, but not, how long that 20,000 hours will be used up over.
  - c. Energy Review and EU-ETS II & (III?): Policy decisions from this area should inform which technologies will be pursued over what timescale. This will further inform the geographical disposition of generation, at least in general terms, and therefore allow NGET and Ofgem to apply a sanity check to development proposals. If the Energy Review is conclusive and leads to a clear development of the policy framework this should underpin investment decisions in networks and generation for the next decade at least.

All of the above decisions are outside the generator/developers control and they can only react to them. Once clarity is achieved in these strategic framework issues, the second-order decisions about TNUoS and access can be addressed with greater clarity.

### Options for Change

5. Additional or different obligations for information provision by generator can be considered, if it will help improve NGET's network planning. In framing such changes the following needs to be borne in mind:
  - a. Generators already provide information over a very wide time frame: seven years to real time.
  - b. Generators already provide information to NGET consistent with a license obligation. Any License obligation is a serious issue for them because of the sanctions available to the Regulator, not least because of the reputational damage that could result from public censure.
  - c. Generators currently provide their best endeavours information consistent with their 'reasonable operator's' view at the time of provision. Events will happen outside the generator's control due to regulatory or governmental decision or the market dynamic that will require changes to the generator's view.
  - d. The recently imposed requirement to provide information on speed of return from mothballing has been successfully handled because it recognises the commercial confidentiality of the matters being requested. Any further changes to information requirements are likely to need equally sensitive handling if they are to deal adequately with commercial confidentiality issues. Generators were particularly exercised by the implications of this information being passed on to the NGET trading function.
  - e. A possible area for consideration might be changes to the provision of indicative information about decommissioning or reduced access of plant, recognising that the drivers for these types of decisions will be first clarification of the policy framework and then the anticipated changes in the market dynamics.
  - f. NGET may have other ideas that are worth discussing with generators, facilitated by Ofgem.