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**CAP048 – Open letter**

Thank you for the opportunity to comment on the open letter dated 22 March. Immingham CHP LLP (ICHP) is a CUSC signatory.

ICHP continues to believe that the existing compensation for temporary disconnection is too blunt. If a producer cannot get its energy to market as a result of transmission failure, it is unfairly penalised through exposure to energy imbalance. More specifically this means a producer facing an unplanned outage will see potential high and volatile SBPs when the system is short. In a regime which is described as providing firm access and where cost reflective charging is considered desirable, it is wholly inequitable that a producer is left facing potentially high and erratic costs and the network operator is required only to meet a fraction of these.

These asymmetrical risks would be aggravated where the TO is permitted, as Ofgem proposes, to recover its costs arising from failure to perform or provide contracted levels of service from other transmission users. It is important that at an early juncture an arrangement is developed that provides real sanctions on the network operator to provide access at the contracted levels, and that such arrangements take into account other service quality incentives.

Please let me know if I can provide further comment or if you have any queries on the contents of this letter.

**Kirsten Elliott-Smith**