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Process for the Calculation of Outturn Availability

Dear Robert, Brian

Thank you for the opportunity to respond to the RAs minded to decision paper on the process for the calculation of outturn availability. As acknowledged in the paper, Outturn Availability has been a long running issue for SEM generators. The TSOs consultation *"Process for the Calculation of Outturn Availability"* had received a clear response from market participants stating that:

- The availability data TSOs capture under the Grid Code relates to capability to generate electricity at the Connection Point.
- There is no justification for that data to be modified in the reporting of outturn availability to SEMO.
- The TSOs statutory role is to plan, maintain and operate the network. They have no role in consulting on market issues.
- The TSO also has no role in unilaterally imposing 'custom and practice' that would act to constrain the SEM, which the Regulatory Authorities have consistently defined as an unconstrained market.
- **Outturn availability should therefore be set to the technical availability of the generation unit for all transmission outages.**

However, despite clear feedback to their consultation, the draft TSO recommendation paper issued to the RAs does not appear to reflect respondents' views[1]. The recommendations paper states that:

"[As] market reforms were due to take place in 2016 their view was that at present there is insufficient argument to modify current custom and practice in both jurisdictions and that any decision taken should be reviewed in line with emerging market arrangements."

We do not fully agree with the minded-to decision, but we are pleased to see that the RAs have actually considered in full all comments and submissions received. **SSE remains of the view that the implementation of Option 2 best serves consumers and the TSO**. If you have

[1] The TSO draft recommendations paper has also not been made available to market participants, despite it effectively being a draft decision paper.

any questions in relation to our response, please don't hesitate to contact me at connor.powell@sserenewables.com

The TSO draft recommendations paper

Option 1 was not favoured by any generators, but the TSO states that it could:

- ***"Offer an equal and transparent solution to all connected parties."***

We cannot see why this offers equality or transparency; given that generators have no ability to influence outage durations or timing[2], and implementation of Option 1 would mean the TAO and TSO have no need to optimise, either.

- ***"Removes the scheduling complexity of aligning transmission and generator outages."***

Efficient scheduling and execution of transmission outages is a core function of the TSO. Removing any TSO incentive to align them with generator outages or market requirements cannot be seen as desirable.

- ***"The definition of an unconstrained market refers to the meshed transmission system and operational security constraints and does not extend to connection assets."***

This is an entirely unsupported assertion, and contradicts the analysis the TSO carried out showing the impact of applying this option on the market schedule and SMP.

We are pleased that the RAs have dismissed **Option 1** on the basis that it has a negative net impact on the consumer.

Option 2 was favoured by all market participants, but rejected by the TSO. They are concerned that:

- ***"[B]y keeping all units whole for all transmission work, there exists no incentive on the generator to align generator outages to scheduled transmission maintenance outages. This could create a situation whereby there is an unnecessary decrease in levels of generator availability."***

We do not agree with this analysis – **it confuses generator availability with transmission availability**. The TSO should aim to align transmission work to periods of low demand and generator works, because that would best serve their customers. If they efficiently schedule transmission outages at the lowest capacity periods, generators are incentivised to align their outages with this transmission work – regardless of the transmission outage, their availability will be set to zero. If it is necessary, or more economic for generators to take their outages at a different point in time they will do so, but again, they will set their availability to zero.

To suggest that Option 2 could incentivise generators to decrease their level of availability is flawed – there is no reason to expect that their behaviour would change. Generators

[2] Both of which would have differential and arbitrary impacts on generators, potentially requiring dispute resolution from the RAs.

cannot predict when the maintenance of a unit will be required particularly given the variability of their running regime in SEM.

- ***"[A]cceptance of option two would represent a significant change in the treatment of all transmission-connected generators as currently generators are not made financially whole for all transmission work. This could set a new precedent, before any foresight has been given to the new market structure or design."***

This would represent a significant change in the treatment of transmission connected generators, but the treatment defined by the TSOs was put in place unilaterally and does not fit within the high level design of SEM[3]. This is not a question of new precedent, since 2011, generators have been expecting that this issue would be resolved through Mod_18_11 - **they were surprised to discover that the TSO had chosen to develop custom and practice that contradicts the high level design of the SEM and negatively impacts on customers and generators[4].** There has been a consistent expectation that this would be corrected by the Regulatory Authorities.

Option 3 was not favoured by any market participants but considered by the TSO as a potential solution. They stated that:

- ***"There is a cost associated with maintaining connection assets, which should be shared by the generators."***

Declaring generators unavailable for a subset of outages is not a cost sharing mechanism[5] – it is a blunt and arbitrary penalty mechanism, which reduces any incentive on the TSO to efficiently plan and manage outages on transmission connection assets.

- ***"There is a clear incentive for the TSOs to optimise the duration of all outages, as the shorter the duration of each individual outage will facilitate a greater number of outages per annum. This is critical for the TSOs in their plans to expand upgrade the meshed Transmission system"***

Given a fixed resource base and an assumption of non-discriminatory treatment of generators transmission outage works, this seems tenuous. We assume the incentive referred to is that the TSO can reallocate resources once an outage is completed but it is not clear how this is facilitated by implementation of Option 3 or existing custom and practice. This stands in contrast to Option 2, where there is a clear incentive for the TSO to optimise the duration of all outages.

[3] It does not fit within the High Level Design for I-SEM, either.
[4] The custom and practice developed by the TSO reduces Dispatch Balancing Costs by increasing SMP.
[5] Especially given that it increases SMP for end consumers.

The RAs minded-to decision

Definition of Availability and Outturn Availability

We do not believe that the paper adequately justifies any differentiation between technical availability (as defined under the Grid Code) and commercial capability. Mod_18_11 could address these definitions, quickly and easily if approved by the RAs. Nevertheless, we agree that the TSO should not have the discretion to (re)define data or define a methodology for a market definition. SSE agrees that relevant modifications should be brought forward to the Grid Code Review Panel and Modifications Committee as soon as possible.

Arrangements for the calculation of Outturn Availability

The RAs propose that 'commercial capability' should be differentiated from technical availability as follows:

"Where the connection assets are owned by the TAO, the generator will be considered outturn available for all outages with the exception of scheduled annual maintenance outages lasting up to five business days inclusive or less per outage season."

If we translate this decision into a SEM definition, the RAs are effectively stating that 'commercial capability' in the Trading and Settlement Code should be defined as follows:

Availability	means a Generator Unit's capability in MW to deliver Active Power to the Connection Point or a Demand Side Unit's capability of reducing the Active Power consumed on the Trading Site. Availability will be 0 for scheduled annual maintenance outages lasting up to five business days inclusive or less per outage season.

We cannot see how this accurately defines commercial capability in an unconstrained market - it appears to introduce technical constraints into the Trading and Settlement Code for the SEM. We assume that the Grid Code will actually be used as the means to constrain the market, with a definition that might look like this:

Availability	At any given time the measure of **Active Power** a **Generation Unit(s)** is capable of delivering to the **Connection Point** and the term "**Availabilities**" shall be construed accordingly. This can be calculated as a gross figure. In terms of a **Demand Side Unit** the measure at any given time of the **Active Power** the **Demand Side Unit** is capable of delivering to the **System.** At any given time the measure of **Active Power** an **Interconnector** is

capable of importing to or exporting from the **Connection Point** and the term **"Availabilities"** shall be constructed accordingly. This can be calculated as a gross figure.

Availability will be considered 0 for scheduled annual maintenance outages lasting up to five business days inclusive or less per outage season.

We would urge the RAs to reconsider **Option 2** and avoid introducing artificial constraints into the SEM. This fulfils all the criteria for the decision put forward by the RAs – consumer savings, TSO incentives, generator incentives, clarity, transparency and non-discrimination. Generators have no incentive not to cooperate with the TSO – any issues can be far better addressed through the development of a more involved and collaborative outage planning process.

Outage Planning

SSE agrees that outage planning must be changed – we believe that a forum that seeks to harmonise and resolve issues related to outage planning would be a good start. Nevertheless, the best incentive for TAOs and TSOs to properly manage and control transmission outages remains that of Dispatch Balancing Costs. These make the performance of the TSO and TAO in planning and executing maintenance clear and transparent. Shifting constraint costs into SMP through a new definition of commercial capability does neither.

While we welcome the introduction of an ex post summary report of the outage schedule covering performance against pre-determined targets, it does not make the cost/benefit of under/outperformance clear.

Temporary Connection Assets

The treatment of temporary connection assets is fair and appropriate.

Extension to or changes at existing connections

The treatment of extensions or changes at existing connection assets is fair and appropriate.

Distribution Connected Generation

The TSC does not distinguish between transmission and distribution outages – the RAs should formalise and define approaches for both transmission and distribution connected generators.