

# Payment Mechanism V1 December 2020

 Flexible Power



The **Secure** service is used to manage peak demand loading on the network.

The service is expected to be required on weekday evenings and may occur throughout the year due to the seasonal ratings of assets.

As these requirements are predictable, **Secure** requirements are declared each Thursday for the following week (commencing Monday). Payments consist of an Arming fee which is credited when the service is scheduled and a further utilization payment awarded on delivery.

The week ahead declarations are scheduled to allow customers to participate in alternative services when not required for the **Secure service**.

## CMZ Secure – Arming



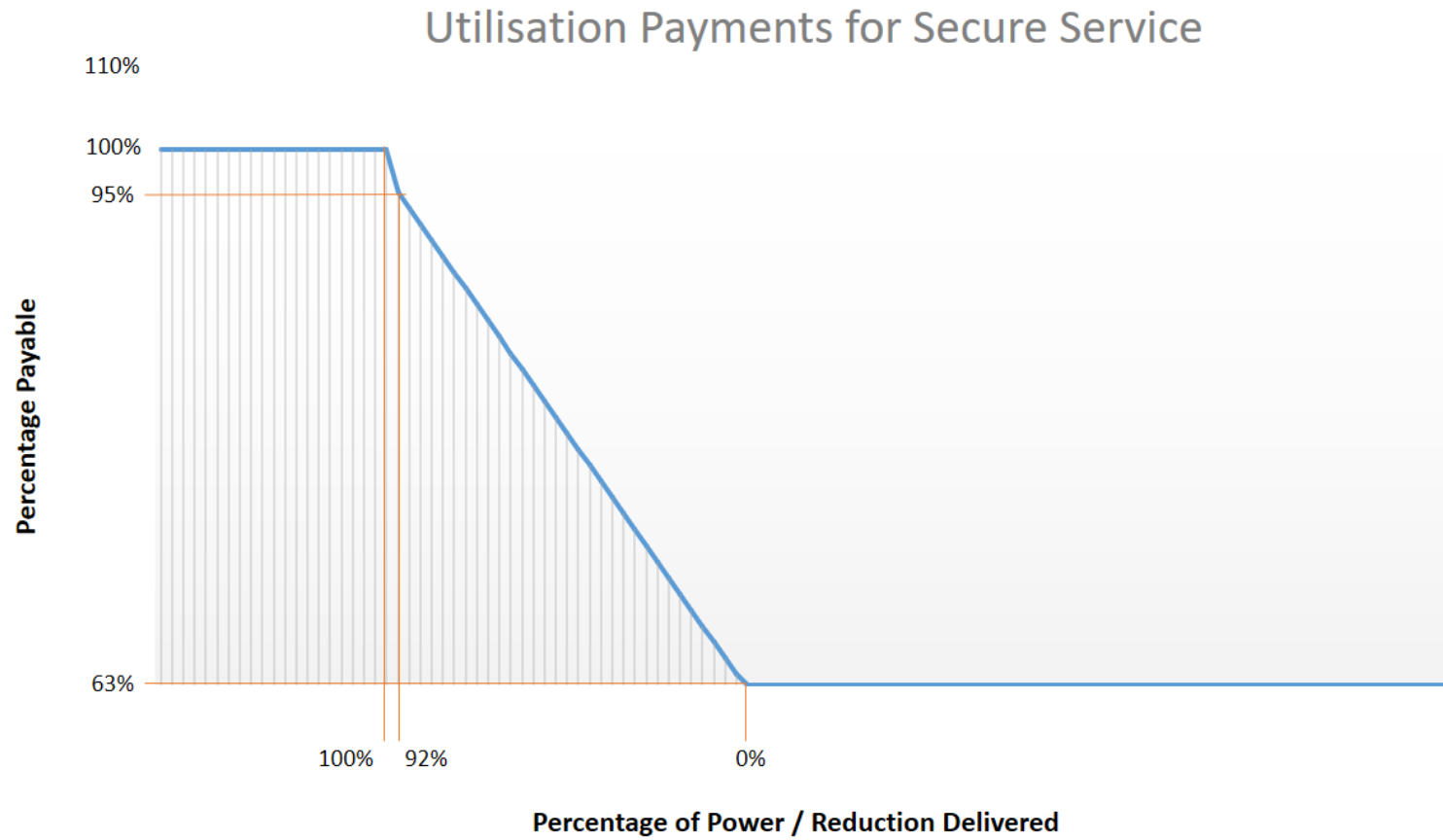
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Arming payments are intended to provide certainty of income.

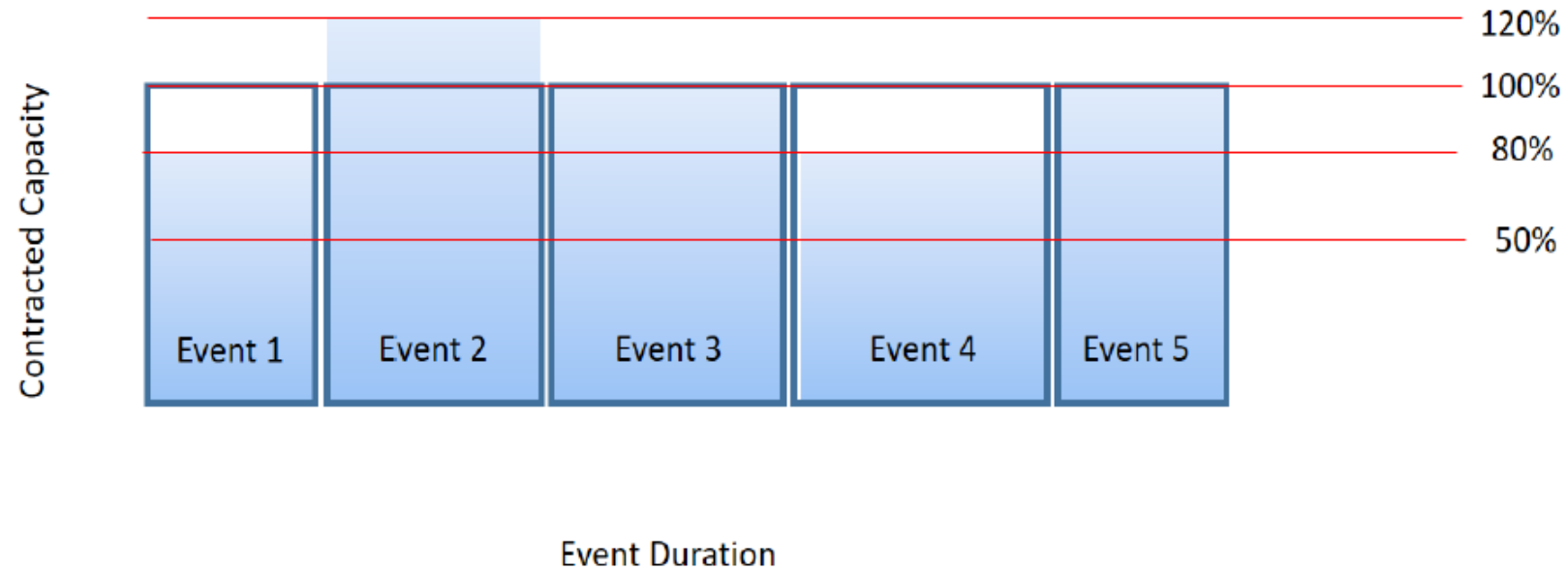
Should be representative of profit so that it is payable whether or not event takes place.

When armed the expectation is to utilize. Flexible Power will notify if conditions change and can still send dispatch if preferred.

Arming can be clawed back if utilization is lower than contracted.



# CMZ Secure – Volume Reconciliation



$$\frac{(80\%+100\%+100\%+80\%+100\%)}{5} = 92\%$$

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The **Dynamic** service has been developed to support the network during maintenance work. This will generally occur during British summer time.

As the service is required following a network fault, it consists of an Availability and a Utilisation fee. By accepting an Availability fee, participants are expected to be ready to respond to Utilisation calls within 15 minutes.

**Dynamic** availability windows are declared each Thursday for the following week (commencing Monday).

The week ahead declarations are scheduled to allow customers to participate in alternative services when not require for the **Dynamic service**.

## CMZ Dynamic - Availability



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Availability rather than Arming due to the reduced expectation of being utilized.

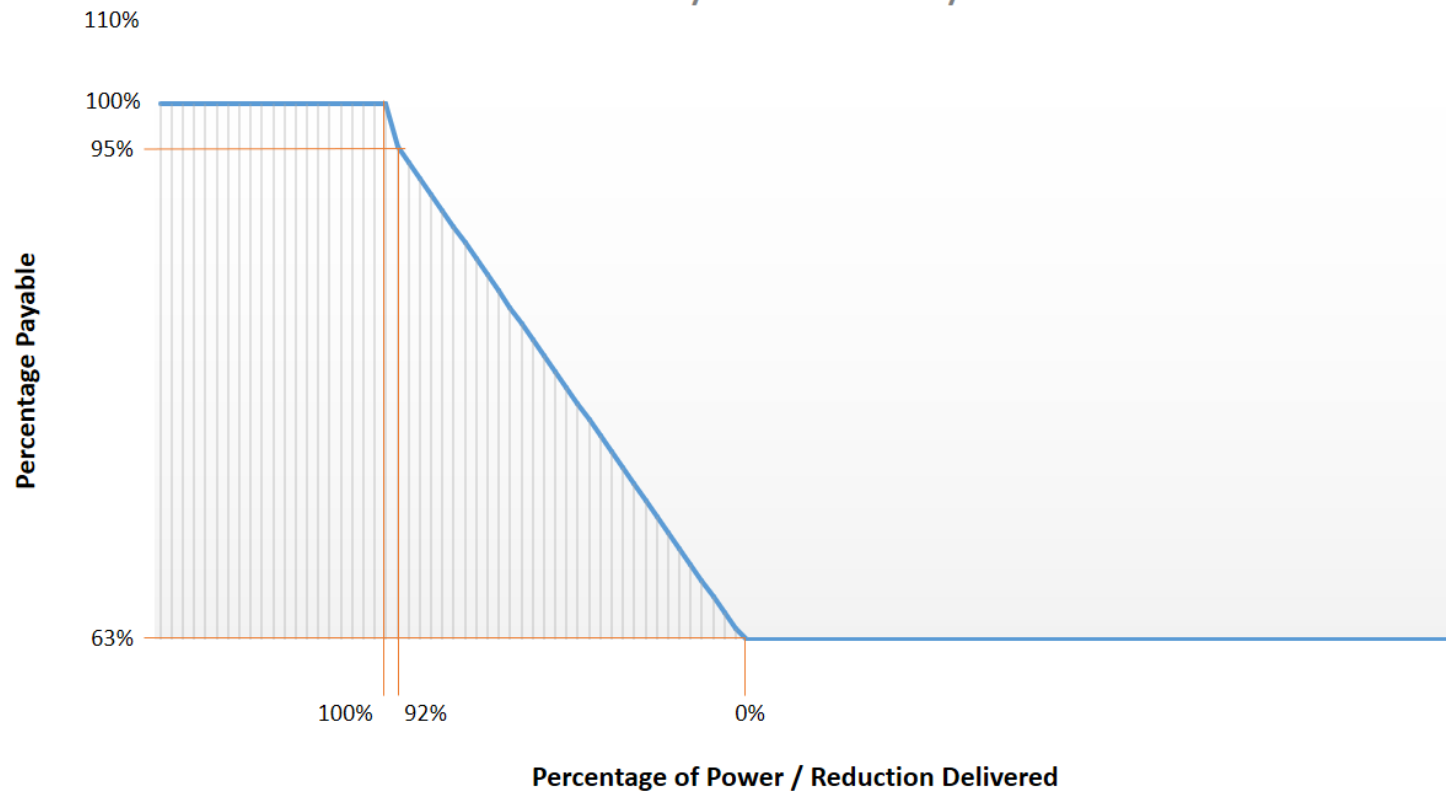
Arming only paid for duration of expected utilization. Availability is a more conventional concept, reflecting a payment of readiness.

Needs established based on real-time operations and therefore response preferred within 15 minutes.

No 'Events of Default' and performance below contract are built into the payment mechanisms.

Availability can be clawed back if utilization is lower than contracted using same method as **Secure** CMZ.

### Utilisation Payments for Dynamic Service





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The **Restore** service is intended to support the network or help restoration in the occurrence of rare faults. Such events are rare and offer no warning as they depend on failure of equipment. Under such circumstances, response can be used to reduce the stress on the network.

As the requirement is inherently unpredictable, **Restore** is based on a premium 'utilisation only' service.

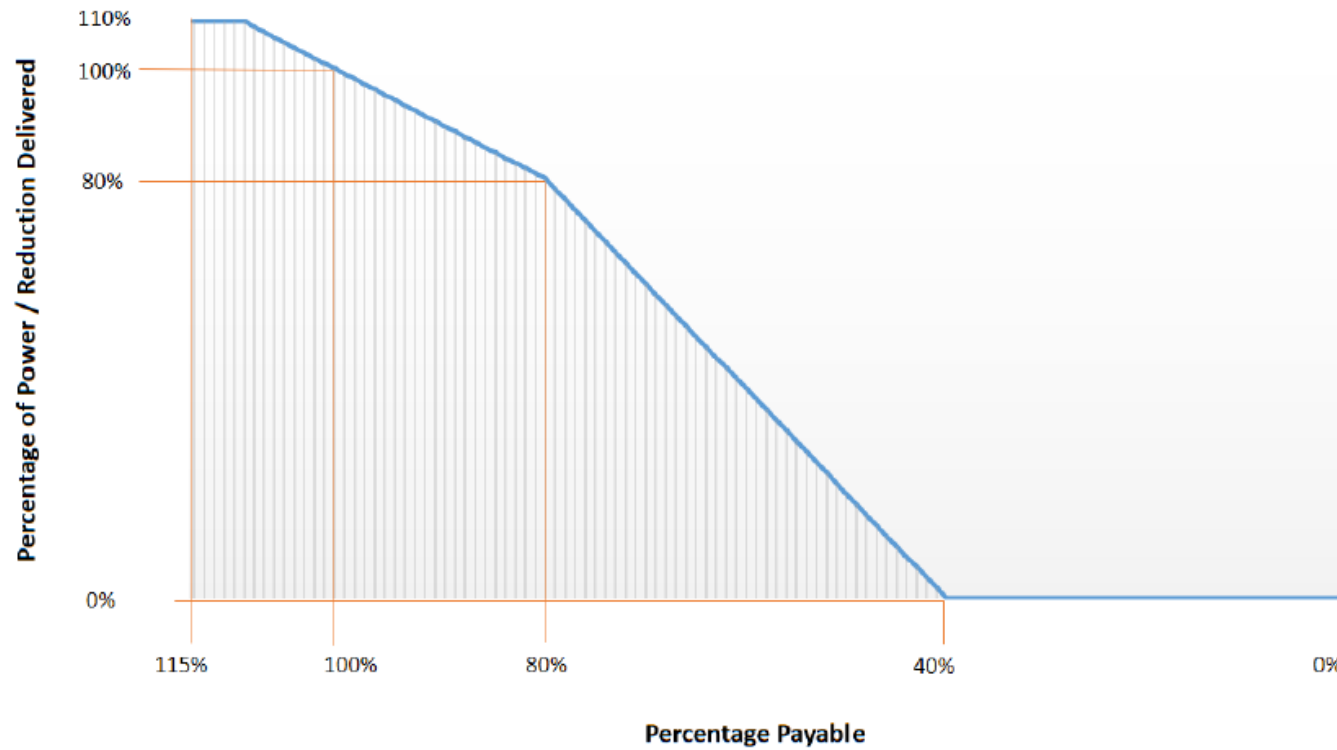
Premium Utilisation will reward demand response that aids network restoration, but unable to pay arming or availability fees.

Participants declared available for the **Restore** service automatically accepted and will be expected to respond to any utilization calls within 15 minutes and will receive an associated utilization fee.

# CMZ Restore – Premium Utilisation



Premium Utilisation for Restore CMZ



## CMZ Services Summary



	Secure	Dynamic	Restore
<b>Advance Payment</b>	Arming	Availability	None
<b>Utilisation</b>	Medium	High	Premium
<b>Service declaration</b>	Week Ahead	Week Ahead	Week Ahead
<b>Accept / Reject</b>	Week Ahead	Week Ahead	Automatic Accept
<b>Dispatch Notice</b>	Week Ahead	15 minutes	15 Minutes
<b>Seasonal Requirement</b>	All	Summer	All
<b>Site Type</b>	Half Hourly Metered	Half Hourly Metered	Half Hourly Metered
<b>Generation</b>	√	√	√
<b>Load Reduction</b>	√	√	√