

Annex 3 – Legal Text

Proposed Changes shown in red text

Original

The Locational Onshore Security Factor

14.15.88 The locational onshore security factor **for everything other than Identified Onshore Circuits** is derived by running a secure DCLF ICRP transport study **of the network excluding local circuits and Identified Onshore Circuits** based on the same market background as used for Zoning in the DCLF ICRP transport model. This calculates the nodal marginal costs where peak net demand can be met despite the Security and Quality of Supply Standard contingencies (simulating single and double circuit faults) on the network. Essentially the calculation of secured nodal marginal costs is identical to the process outlined above except that the secure DCLF study additionally calculates a nodal marginal cost taking into account the requirement to be secure against a set of worse case contingencies in terms of maximum flow for each circuit.

14.15.89 **For the purposes of 14.15.88** the secured nodal cost differential is compared to that produced by the DCLF ICRP transport model and the resultant ratio of the two determines the locational security factor using the Least Squares Fit method. Further information may be obtained from the charging website.

14.15.90 **For the purposes of 14.15.88** the locational onshore security factor derived is 1.8 and is based on an average from a number of studies conducted by The Company to account for future network developments. The security factor is reviewed for each price control period and fixed for the duration.

14.15.90A An Identified Onshore Circuit shall be defined as a single transmission HVDC subsea circuit or a single transmission AC subsea circuit between two MITS Nodes where there is only one route for the power to flow between the two MITS Nodes. The expansion factors for Identified Onshore Circuits are adjusted by dividing the applicable expansion factor for the Identified Onshore Circuits, calculated as per Sections 14.15.70 to 14.15.77, by the locational onshore security factor calculated in 14.15.90. When the locational onshore security factor is applied as per Section 14.15.96 and 14.15.97, this would result in an effective locational onshore security factor for Identified Onshore Circuits of 1.0.

WACM1

14.15.33 Main Interconnected Transmission System (MITS) nodes are defined as:

- Grid Supply Point connections with 2 or more transmission circuits connecting at the site; or
- connections with more than 4 transmission circuits connecting at the site.

14.15.33A For the purposes of this Section 14 only, Nodes located on a Remote Island shall not be deemed as a MITS Nodes, even if one or more of the criteria stated in 14.15.33 are met. For clarity, Remote Island in this paragraph shall have the same meaning as “remote island” in The Contracts for Difference (Miscellaneous Amendments) Regulations 2018 (as amended).

WACM2

The Locational Onshore Security Factor

14.15.88 The locational onshore security factor **for everything other than Identified Onshore Circuits** is derived by running a secure DCLF ICRP transport study **of the network excluding local circuits and Identified Onshore Circuits** based on the same market background as used for Zoning in the DCLF ICRP transport model. This calculates the nodal marginal costs where peak net demand can be met despite the Security and Quality of Supply Standard contingencies (simulating single and double circuit faults) on the network. Essentially the calculation of secured nodal marginal costs is identical to the process outlined above except that the secure DCLF study additionally calculates a nodal marginal cost taking into account the requirement to be secure against a set of worse case contingencies in terms of maximum flow for each circuit.

14.15.89 **For the purposes of 14.15.88** the secured nodal cost differential is compared to that produced by the DCLF ICRP transport model and the resultant ratio of the two determines the locational security factor using the Least Squares Fit method. Further information may be obtained from the charging website.

14.15.90 **For the purposes of 14.15.88** the locational onshore security factor derived is 1.8 and is based on an average from a number of studies conducted by The Company to account for future network developments. The security factor is reviewed for each price control period and fixed for the duration.

14.15.90A An Identified Onshore Circuit shall be defined as a single transmission circuit between two MITS Nodes where there is only one route for the power to flow between the two MITS Nodes. The expansion factors for Identified Onshore Circuits are adjusted by dividing the applicable expansion factor for the Identified Onshore Circuits, calculated as per Sections 14.15.70 to 14.15.77, by the locational onshore security factor calculated in 14.15.90. When the locational onshore security factor is applied as per Section 14.15.96 and 14.15.97, this would result in an effective locational onshore security factor for Identified Onshore Circuits of 1.0.