



Constraint Management Zones

Payment Mechanism





CMZ Secure

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

This 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 utilisation 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

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.

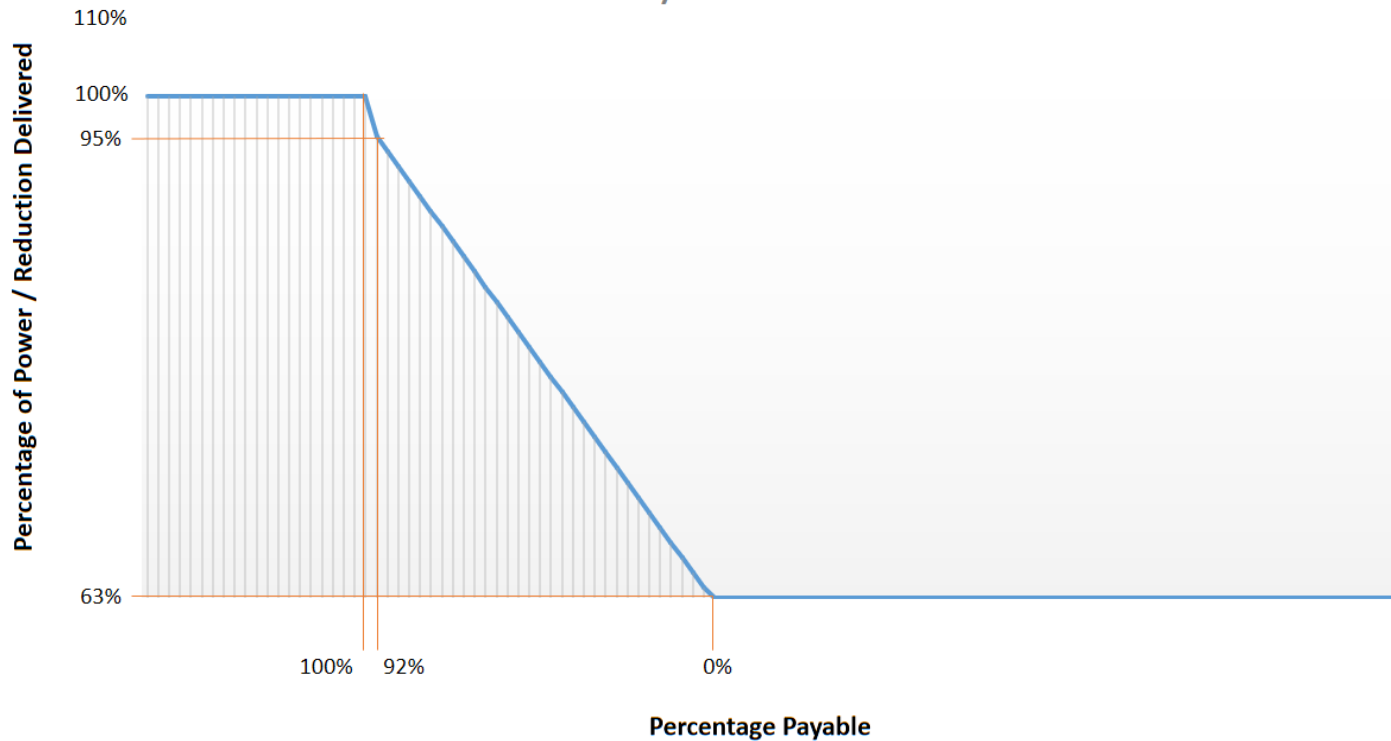
When armed the expectation is to utilise. Flexible Power will notify if conditions change and can still send dispatch if preferred.

Arming can be clawed back if utilisation is lower than contracted



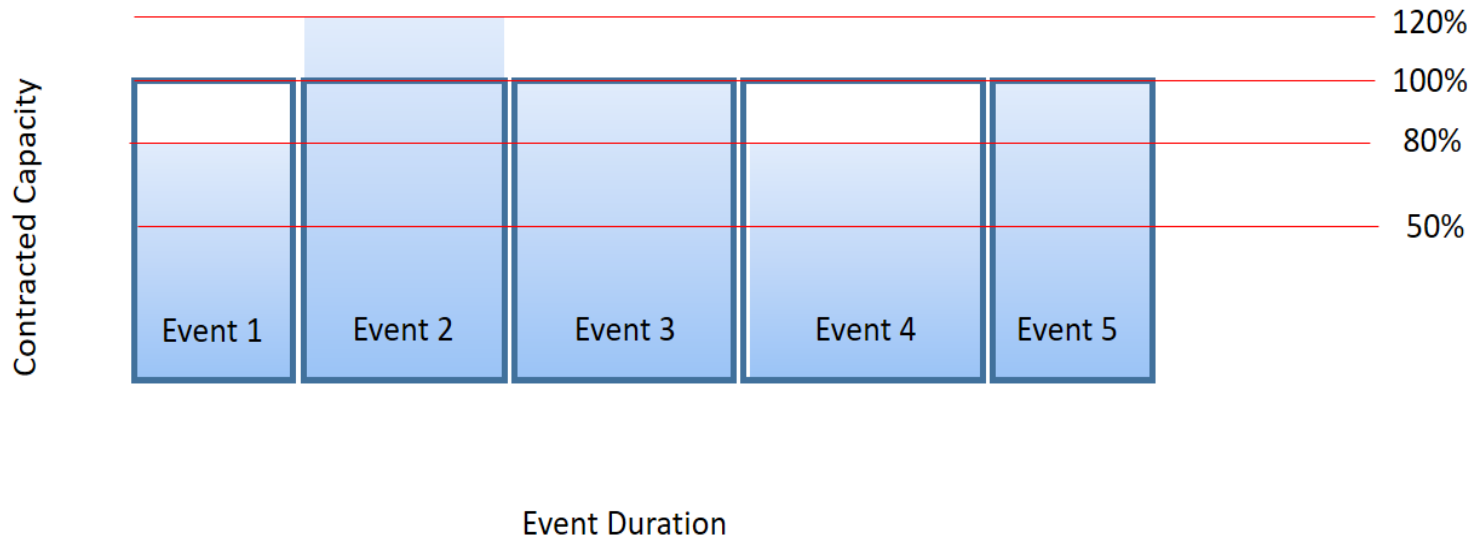
CMZ Secure - Utilisation

Utilisation Payments for Secure Service





CMZ Secure – Volume Reconciliation



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



CMZ Dynamic

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 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 required for the **Dynamic** service.



CMZ Dynamic - Availability

Availability rather than Arming due to the reduced expectation of being utilised

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

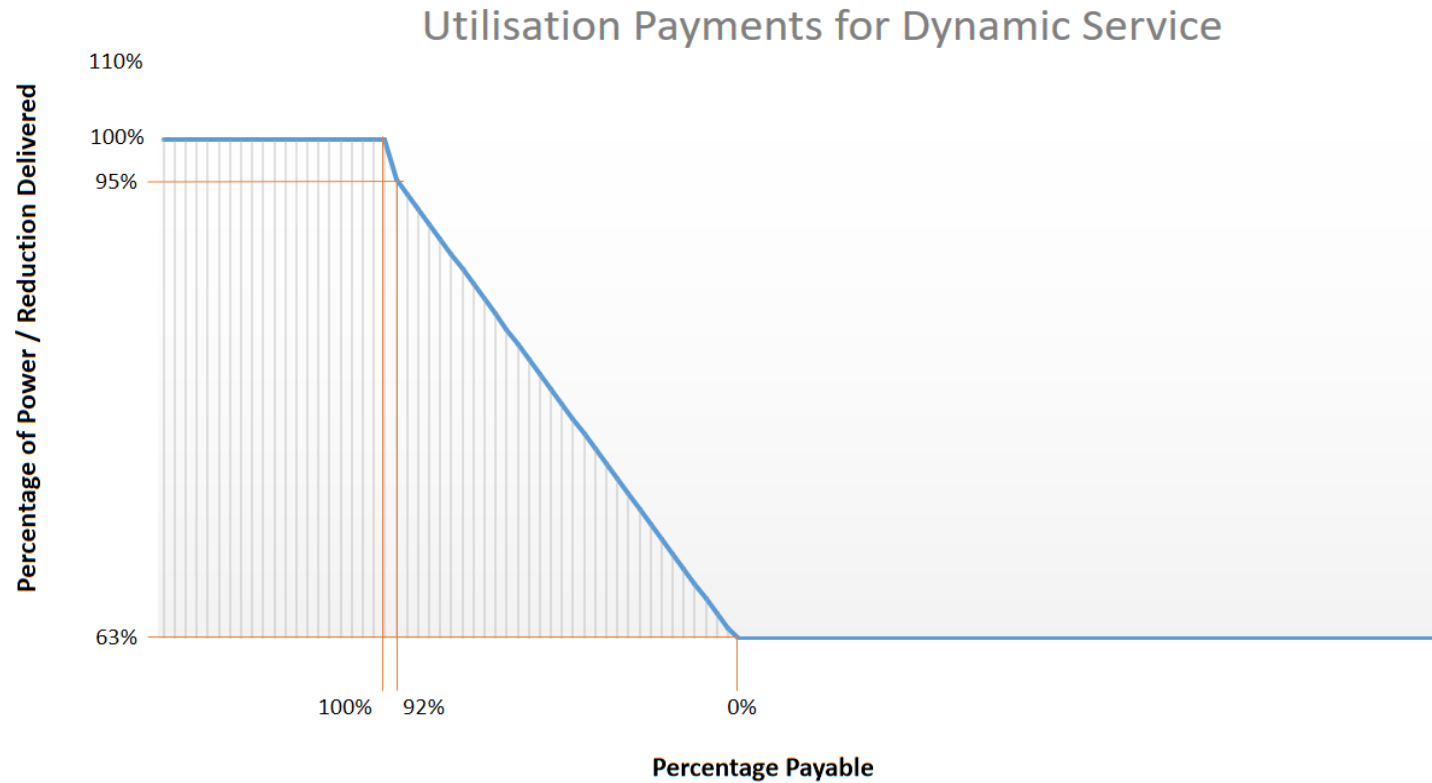
Needs established based on real-time operations and therefore response preferred within 15 mins.

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

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



CMZ Dynamic - Utilisation





CMZ Restore

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.

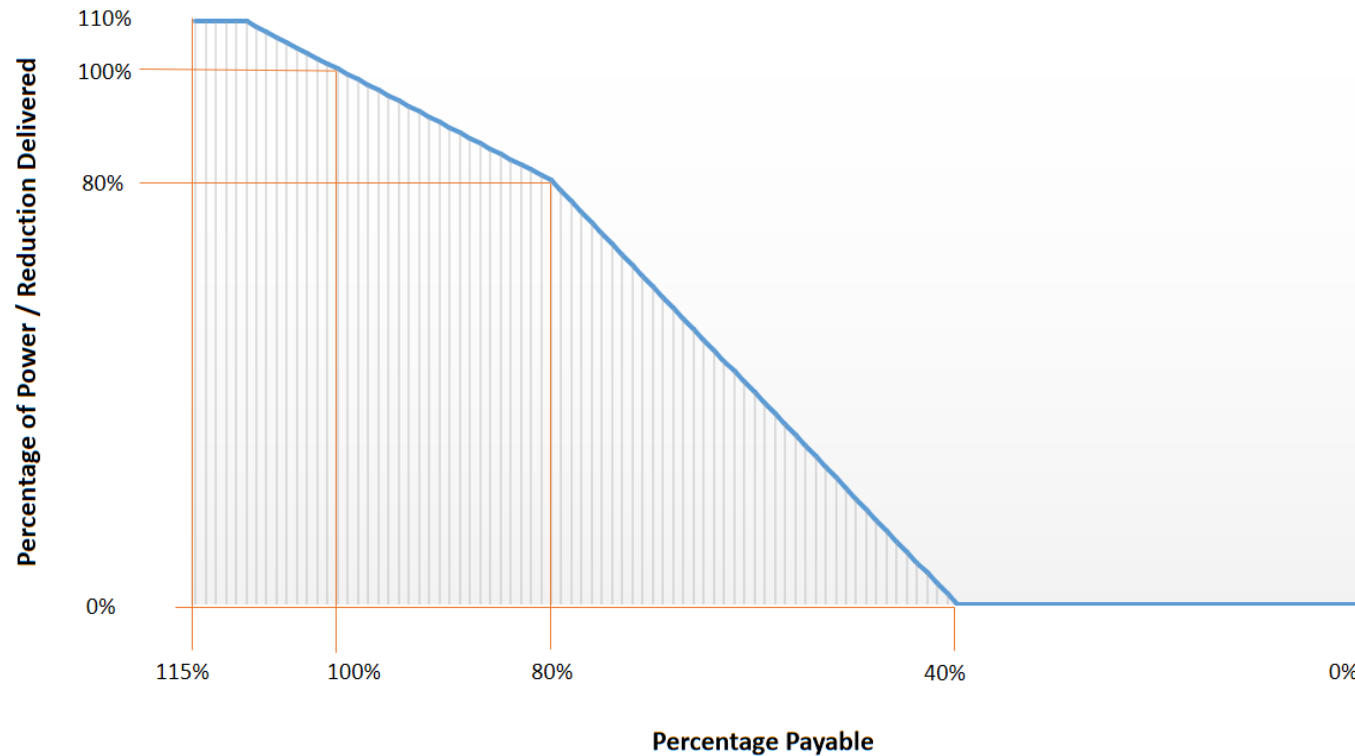
Premium Utilisation will reward demand response that aids network restoration, but unable to pay arming or availability fees.

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



CMZ Restore – Premium Utilisation

Premium Utilisation for Restore CMZ





CMZ Services – Summary.

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