










CMP296: Aligning the CUSC to the BSC post-P344 (Project TERRE) to exempt Virtual Lead Parties from BSUoS.

01	Proposal Form
02	Workgroup Consultation
03	Workgroup Report
04	Code Administrator Consultation
05	Draft CUSC Modification Report
06	Final CUSC Modification Report

Purpose of Modification: P344 introduces a new class of BMU, and a new class of BMU registrant to the BSC (“Virtual Lead Parties”); it is necessary to amend the CUSC to expand the BSUoS exemption to these Virtual Lead Parties.

	<p>The Proposer recommends that this modification should proceed directly to Code Administrator Consultation</p> <p>This modification was raised <i>19 April 2018</i> and will be presented by the Proposer to the Panel on <i>27 April 2018</i>. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>
	High Impact:
	Medium Impact
	Low Impact BSUoS chargeable parties

Contents		 Any questions?																		
1	Summary	4																		
2	Governance	4																		
3	Why Change?	5																		
4	Code Specific Matters	5																		
5	Solution	5																		
6	Impacts & Other Considerations	5																		
7	Relevant Objectives	6																		
8	Implementation	7																		
9	Legal Text	7																		
10	Recommendations	7																		
Timetable		 joseph.henry2@nationalgrid.com  07970673220 Proposer: Harriet Harmon (National Grid)  email address: harriet.harmon@nationalgrid.com  telephone: 07970458456 National Grid Representative: Harriet Harmon																		
<p>The Code Administrator will present a timetable to CUSC Panel on April 27 2018 for their approval:</p> <table border="1"> <tbody> <tr> <td>Initial consideration by Workgroup</td> <td>dd month year</td> </tr> <tr> <td>Workgroup Consultation issued to the Industry</td> <td>dd month year</td> </tr> <tr> <td>Modification concluded by Workgroup</td> <td>dd month year</td> </tr> <tr> <td>Workgroup Report presented to Panel</td> <td>dd month year</td> </tr> <tr> <td>Code Administration Consultation Report issued to the Industry</td> <td>dd month year</td> </tr> <tr> <td>Draft Final Modification Report presented to Panel</td> <td>dd month year</td> </tr> <tr> <td>Modification Panel Recommendation Vote</td> <td>dd month year</td> </tr> <tr> <td>Final Modification Report issued the Authority</td> <td>dd month year</td> </tr> <tr> <td>Decision implemented in CUSC</td> <td>dd month year</td> </tr> </tbody> </table>			Initial consideration by Workgroup	dd month year	Workgroup Consultation issued to the Industry	dd month year	Modification concluded by Workgroup	dd month year	Workgroup Report presented to Panel	dd month year	Code Administration Consultation Report issued to the Industry	dd month year	Draft Final Modification Report presented to Panel	dd month year	Modification Panel Recommendation Vote	dd month year	Final Modification Report issued the Authority	dd month year	Decision implemented in CUSC	dd month year
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Proposer Details

<p>Details of Proposer: (Organisation Name)</p>	<p>National Grid Electricity Transmission (Electricity System Operator)</p>
<p>Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")</p>	<p>CUSC Party</p>
<p>Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:</p>	<p>Harriet Harmon National Grid Electricity Transmission 07970458456 harriet.harmon@nationalgrid.com</p>
<p>Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:</p>	<p>Jon Wisdom National Grid Electricity Transmission 07929375010 Jon.wisdom@nationalgrid.com</p>
<p>Attachments: Draft VLPBMU BSUoS Legal Text.pdf One page</p>	

1 Summary

Defect

BSC modification P344 creates the concept of Virtual Lead Parties which will have “Secondary BMUs” registered to them. Any sites where metered volume is settled through the Supplier Volume Allocation method, and which participate in delivering reserve services through TERRE will also have their volume registered against these Virtual Lead Parties and Secondary BMUs (in addition to the extant SVA registration to the relevant Supplier). The purpose of this is to allow the System Operator to track that services have been delivered. However, without appropriate changes to the CUSC these BMUs may also incur BSUoS charges.

Therefore we propose to remove Secondary BM Units/Virtual Lead Parties from BSUoS liabilities. A separate modification will be raised to incorporate these terms into Section 11.

What

The existing BSUoS liability exemption in 14.30.4, which applies to Interconnectors, should be expanded to cover all BMUs associated to a Virtual Lead Party.

Why

The metered volumes attributed to the Secondary BMUs are already chargeable under the Supplier’s Base BMU and therefore without exempting Virtual Lead Parties and Secondary BMUs from BSUoS, the same metered volumes would be chargeable twice.

How

Introduce the concept of ‘Virtual Lead Parties’ into the CUSC Section 14, and with a separate CMP into Section 11, and then expand the exemption noted – inter alia – in 14.30.4 such that it covers the Secondary BMUs of Virtual Lead Parties.

2 Governance

It is the view of the Proposer that this proposal should be move directly to Code Administrator Consultation, as whilst it extends a financial liability exemption to a new class of participant, it does so solely to prevent a market distortion which might otherwise occur and does not change the proportion of charges applicable to any particular User under baseline arrangements.

The Proposer is not requesting that this Proposal follows the self-governance route on the basis that the decision to exclude a particular class of Market Participant from financial liabilities which it might otherwise have is a material change in the market, albeit a prudent consequence of other industry code changes. Whilst no existing User will see the proportion of their charges changing as a result of this modification (*ceteris paribus*), the Proposer is of the view that this particular decision should be delivered by industry consensus and approval from The Authority to ensure transparency in arrangements.

The volumes associated to the MPANs registered under Secondary BMUs/Virtual Lead Parties are already subject to BSUoS charges through the nominated SVA Supplier.

This modification is binary in its nature, that is either the extension to BSUoS exemption will apply or it won't - the Proposer sees no alternatives to the core proposal which would otherwise solve the noted defect and so doesn't anticipate any alternatives being raised.

Requested Next Steps

This modification should undergo Code Administrator Consultation (rather than Workgroup) but be subject to Authority approval.

3 Why Change?

BSC modification P344 creates the concept of Virtual Lead Parties which will have "Secondary BMUs" registered to them. Any sites where metered volume is settled through the Supplier Volume Allocation method, and which participate in delivering reserve services either through TERRE or another route, such as the Balancing Mechanism, will also have their volume registered against these Virtual Lead Parties and Secondary BMUs (in addition to the extant SVA registration to the relevant Supplier). The purpose of this is to allow the System Operator to track that services have been delivered. However, without appropriate changes to the CUSC these Virtual Lead Parties may also incur BSUoS charges. Therefore we propose to remove Secondary BM Units from BSUoS liabilities.

4 Code Specific Matters

Reference Documents

P344 – per www.elexon.co.uk/mod-proposal/p344

5 Solution

Legal text attached

6 Impacts & Other Considerations

If P344 is not approved by the Authority then this CUSC Modification Proposal is not required and should not be approved – there is a contingency which would be best managed through a joint decision on P344 and this CUSC Modification Proposal.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

It is influenced by, but does not influence BSC P344.

Consumer Impacts

Leads to more cost-reflective and appropriate charging. Without this modification, the VLP would be liable for BSUoS charges against SVA volumes which are already considered in the charging arrangements for the Supplier – this would not be cost-reflective as it would effectively increase the number of chargeable parties without a corresponding increase in volumes.

7 Relevant Objectives

Impact of the modification on the Applicable CUSC Objectives (Charging):

Relevant Objective	Identified impact
(a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;	Positive – charging VLPs would, in essence increase their costs such that they were at a competitive disadvantage vs. other reserve providers
(b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);	Positive – costs of balancing actions relating to VLP capacities will be recovered through demand/generation – charging VLPs too wouldn't be cost-reflective
(c) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;	None
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 *; and	None
(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive – charging VLPs would be inefficient and uneconomic. The

	CUSC and other core codes should align wherever appropriate/practicable.
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*Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

8 Implementation

Implementation should align with that for BSC P344 which, at the time of writing is 1 April 2019. If P344 is delayed for any reason, this Proposal should be implemented at the start of the Charging Year immediately preceding the relevant P344 BSC Release implementation.

9 Legal Text

Attached

Text Commentary

The existing BSUoS exemption for Interconnectors is extended to all Secondary BMUs and Virtual Lead Parties.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to agree that this Proposal can move directly to Code Administrator Consultation, on the basis that no WACMs are anticipated owing to the binary nature of the Proposal (either VLPs will be liable or they will not be – the Proposer cannot see that there would be particular alternatives to this modification and therefore does not believe that a Workgroup to assess this CMP would be efficient or necessary).