

# CUSC Modification Proposal Form

**CMP211**

**Title of the CUSC Modification Proposal:** (*mandatory by Proposer*)

**Alignment of CUSC compensation arrangements for across different interruption types**

**Submission Date** (*mandatory by Proposer*)

21 June 2012

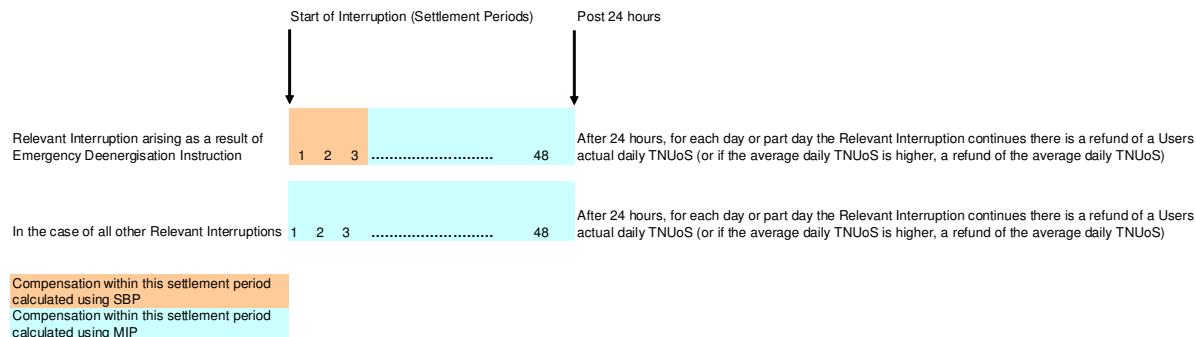
**Description of the CUSC Modification Proposal** (*mandatory by Proposer*)

Section 11 of the CUSC, under the “Interruption Payment” definition, sets out the compensation applicable for a Relevant Interruption:

- arising as a result of a planned outage;
- arising as a result of an Emergency Deenergisation Instruction; and
- in the case of all other Relevant Interruptions.

A Relevant Interruption is defined as an Interruption other than an Allowed Interruption.

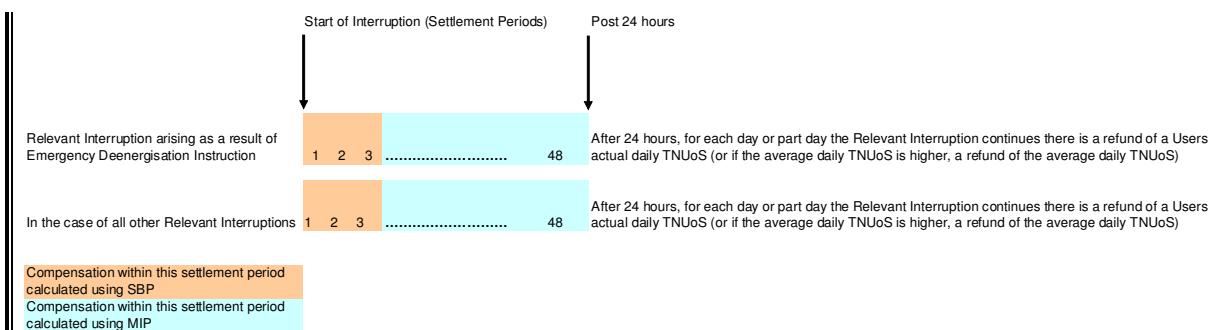
The compensation methodologies for a Relevant Interruption arising as a result of an Emergency Deenergisation Instruction and for other Relevant Interruptions (the second and third items in the bulleted list) are similar but not identical. The diagram below compares the two for a Relevant Interruption lasting more than 24 hours.



The numbers in the diagram above refer to settlement periods. As can be seen, for a *Relevant Interruption as a result of Emergency Deenergisation*, compensation for the few settlement periods until the “wall”\* is calculated using SBP (System Buy Price). For the remaining settlement periods compensation is calculated using MIP (Market Index Price). The compensation calculation if a Relevant Interruption lasts longer than 24 hours is (post 24 hours) based on TNUoS (Transmission Network Use of System charge).

For any other *Relevant Interruptions*, compensation is calculated using MIP (Market Index Price), within the first 24 hours. Aside from the SBP / MIP difference for the period up to the “wall”, the remainder of the compensation calculations are the same in both instances.

It is proposed to amend the CUSC provisions for a *Relevant Interruption* such that *Relevant Interruptions* are also compensated to the “wall” using SBP. Compensation for both *Relevant Interruption* and *Relevant Interruption as a result of Emergency Deenergisation* would then be identical across all timescales. The diagram below shows the new proposed solution.



For the avoidance of doubt, this modification does not propose any change to the compensation mechanism for a Relevant Interruption arising as a result of a Planned Outage.

\*The “wall” represents the settlement periods for which gate closure has occurred.

Note: National Grid is raising this modification on behalf of the BSSG. The BSSG’s position paper is attached for background information.

**Description of Issue or Defect that CUSC Modification Proposal seeks to Address: (mandatory by Proposer)**

The compensation methodologies for other *Relevant Interruptions* and *Relevant Interruption arising as a result of an Emergency Deenegisation* are similar but not identical. These two methodologies were introduced at different times, the *Relevant Interruption* methodology was introduced via CAP048 on 1<sup>st</sup> April 2004, with the methodology for *Relevant Interruption as a result of Emergency Instruction* introduced via CAP144 on 27<sup>th</sup> June 2008.

This modification proposes to align these two compensation arrangements. It is appropriate that compensation for the period up to the “wall” is calculated using SBP in both instances as an affected party is likely to be exposed to SBP. By fully aligning the two mechanisms, parties are treated consistently and equitably. There is also a benefit in that the CUSC will be simplified.

Note: The CUSC Interruption Payment definition includes a reference to BSC Section T 4.4.5, this reference is outdated and it is proposed to update this reference as part of the modification.

**Impact on the CUSC (this should be given where possible)**

Section 11, *Interruption Payment* definition will need to be amended.

**Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes/No (mandatory by Proposer. Assessed in accordance with Authority Guidance – see guidance notes for website link)**

**NO**

**Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information (this should be given where possible)**

**BSC**

**Grid Code**

**STC**

**Other**   
(please specify)

<b>Urgency Recommended: Yes / No (optional by Proposer)</b> NO
<b>Justification for Urgency Recommendation</b> (mandatory by Proposer if recommending progression as an Urgent Modification Proposal)
<b>Self-Governance Recommended: Yes / No (mandatory by Proposer)</b> NO
<b>Justification for Self-Governance Recommendation</b> (Mandatory by Proposer if recommending progression as Self-governance Modification Proposal)
<b>Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews?</b> (Mandatory by Proposer in order to assist the Panel in deciding whether a Modification Proposal should undergo a SCR Suitability Assessment) Yes
<b>Impact on Computer Systems and Processes used by CUSC Parties:</b> (this should be given where possible)
<b>Details of any Related Modification to Other Industry Codes (where known):</b>
<b>Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives:</b> (mandatory by proposer) <b>Please tick the relevant boxes and provide justification:</b>
<input type="checkbox"/> (a) the efficient discharge by The Company of the obligations imposed upon it by the Act and the Transmission Licence Neutral <input checked="" type="checkbox"/> (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity. <p>The modification will better facilitate applicable objective (b), as aligning the compensation calculations for a Relevant Interruption arising as a result of Emergency Deenergisation Instruction and other Relevant Interruptions will introduce further clarity and ensure parties are treated equitably.</p> <input type="checkbox"/> (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. Neutral
These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1

<b>Details of Proposer:</b> (Organisation Name)	National Grid Electricity Transmission plc
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<b>Capacity in which the CUSC Modification Proposal is being proposed:</b> (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
<b>Details of Proposer's Representative:</b>	Name: Tariq Hakeem Organisation: National Grid Telephone Number: 01926 655 439 Email Address: tariq.hakeem@nationalgrid.com
<b>Details of Representative's Alternate:</b>	Name: Shafqat Ali Organisation: National Grid Telephone Number: 01926 655 980 Email Address: shafqat.ali@nationalgrid.com
<b>Attachments (Yes/No):</b> Yes <b>If Yes, Title and No. of pages of each Attachment:</b>	<p>1) Indicative Legal Text</p> <p>2) BSSG Position paper</p> <p>3) BSSG Position paper annex</p>

