

Stage 06: Final CUSC Modification Self-Governance Report

Connection and Use of System Code (CUSC)

CMP211 Alignment of CUSC compensation arrangements for across different interruption types

What stage is this document at?

01	Initial Written Assessment
02	Workgroup Consultation
03	Workgroup Report
04	Code Administrator Consultation
05	Draft CUSC Modification Report
06	Final CUSC Modification Report

This proposal seeks to align the compensation calculations for 'All other Relevant Interruptions' with 'Relevant Interruption arising as a result of an Emergency Deenergisation Instruction' as detailed under the Interruption Payment definition in Section 11 of the CUSC.

Published on: 4 January 2013



The Panel has determined:

That CMP211 should be implemented as it better facilitates the Applicable CUSC Objectives



Implementation:

Subject to any appeal, CMP211 will be implemented on 24th January 2013



Medium Impact:

CUSC Parties, BSC Parties, National Grid Electricity Transmission plc



Low Impact:

None identified

Contents



Any Questions?

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About this document

This is the Final CUSC Modification Self-Governance Report which contains details of the Panel's determination in respect of CMP211, as well as responses to the Code Administrator and Workgroup consultations. The report has been prepared and issued by National Grid as Code Administrator under the rules and procedures specified in the CUSC.

Document Control

Version	Date	Author	Change Reference
0.1	27 November 2012	Code Administrator	Draft for Industry Comment
0.2	6 December 2012	Code Administrator	Version for Panel Vote
0.3	21 December 2012	Code Administrator	Final draft for Panel comment
1.0	4 January 2013	Code Administrator	Final Version for Publication

1 Summary



What is a Relevant Interruption?

An interruption is generally related to the deenergisation of a generator, which can be a result of a planned or unplanned outage or an instruction from National Grid. This does not include scenarios that are outside of National Grid's control such as natural disasters for example. These scenarios are defined under the CUSC as an "Allowed interruption"

- 1.1 This document summarises the CMP211 Modification Proposal, the Workgroup's discussions and conclusions, responses to the Code Administrator consultation and the Panel's determination.
- 1.2 CMP211 seeks to align the compensation calculations for 'All other Relevant Interruptions' with 'Relevant Interruption arising as result of an Emergency Deenergisation Instruction'. The calculations are detailed in Section 11 of the CUSC under the definition of 'Interruption Payment'.
- 1.3 CMP211 was raised by National Grid Electricity Transmission plc (NGET) following discussions at the BSSG (Balancing Services Standing Group), which had discussed the CUSC defect which the modification seeks to rectify.
- 1.4 CMP211 was submitted to the CUSC Modifications Panel for their consideration on 29 June 2012. The Panel determined that the proposal should be considered by a Workgroup and that the Workgroup should report back to the October Panel. This included a 20 day Workgroup Consultation period. The Panel also provided an initial view that it should be progressed under the Self-governance route and submitted a Self-governance Statement to Ofgem on 2nd July 2012.
- 1.5 The CUSC Modification Panel directed the Workgroup to consider and report on the following issue:
 - More robust reference in the legal text to System Buy Price (SBP)
- 1.6 The Workgroup met on 31 July 2012 and the members accepted the Terms of Reference. A copy of the Terms of Reference is attached in Annex 1 of this document. The Workgroup considered the issues raised by the CUSC Modification Proposal and worked through the Terms of Reference. The Workgroup's discussions are documented in section 4 of this report.
- 1.7 A final Workgroup meeting was held on the 2nd October 2012. The Workgroup's discussions from both the initial meeting and the final meeting are documented in section 4 of this report. A summary of the Workgroup voting is set out below with further details in section 7. All Workgroup voting members (5) felt the modification was better than the CUSC baseline.

View against Applicable CUSC Objectives

	Better than CUSC baseline	Better than CMP211 Original	Best
CUSC baseline	N/A	0	0
Original	5	N/A	5

- 1.8 The Workgroup debated whether CMP211 would satisfy the Self-governance criteria as there may be a material impact on parties when calculating the compensation (for a relevant interruption) using System Buy Price rather than the Market Price. The majority view from the Workgroup was that CMP211 met the Self-governance criteria.

Workgroup Conclusions

- 1.9 The Workgroup voted unanimously that CMP211 better facilitates the Applicable CUSC Objectives. Full details of the Workgroup vote are contained within Section 8 of this document.
- 1.10 The Code Administrator Consultation closed on 20 November 2012, there were two responses. Both supported the implementation of CMP211 and agreed that it should be progressed as self-governance. One respondent commented that, whilst CMP211 better aligns compensation arrangements, it still does not fully compensate generators for loss from an interruption. The responses to the Code Administrator Consultation are shown in Section 9 and Annex 6 of this document.

National Grid's Opinion

- 1.11 National Grid believes that CMP211 better facilitates the Applicable CUSC Objectives than the existing arrangements. The alignment of the compensation arrangements, using System Buy Price (SBP), is appropriate as an affected party is likely to be exposed to SBP. By fully aligning the two mechanisms, parties are treated consistently and equitably.

CUSC Modifications Panel's Determination

- 1.12 At its meeting on 14th December 2012, the Panel voted unanimously that CMP211 better facilitates the Applicable CUSC Objectives and so should be implemented. As the Panel had submitted a Self-governance Statement to the Authority and not received a direction to the contrary, the vote became the Panel's determination.

Implementation

- 1.13 The 15 working day Self-governance appeal window commenced on 14th December 2012 and closes on 9th January 2013. Pending any appeals, CMP212 will be implemented 10 working days later on 24th January 2013.

2 Why Change?

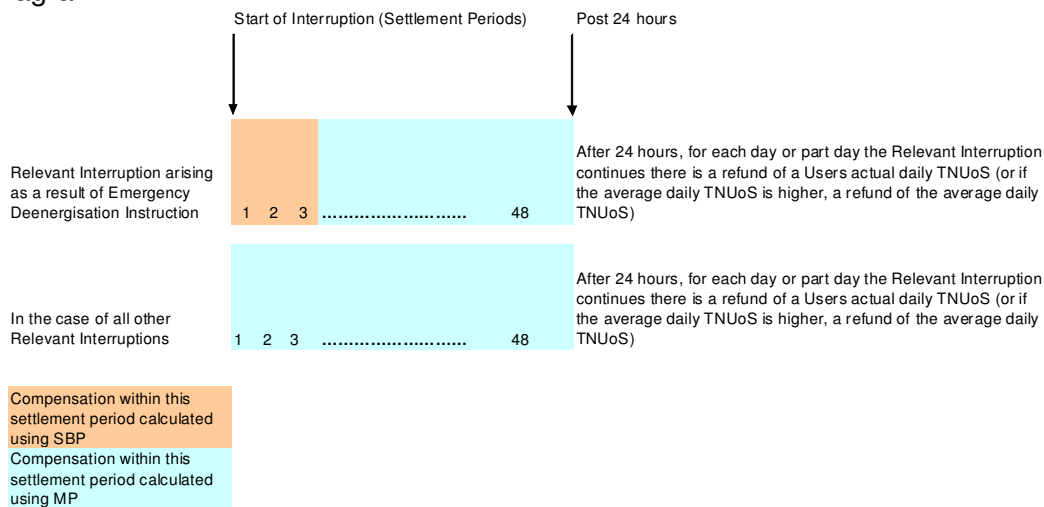
2.1 The methodologies for calculating the compensation payments for parties who are eligible for a claim, as a result of an interruption to their generating units, are detailed under the 'Interruption Payment' definition. The 'Interruption Payment' definition under Section 11 of the CUSC specifies the payment for:

- a) A Relevant Interruption arising as a result of a Planned Outage
- b) A Relevant Interruption arising as a result of an Emergency Deenergisation Instruction
- c) All other Relevant Interruptions

2.2 This modification is concerned only with categories (b) and (c). Category (a) is outside the scope of the defect identified in the proposal. The calculations for a Relevant Interruption arising as a result of an Emergency Deenergisation Instruction (category (b)) and All other Relevant Interruptions (category (c)) are similar but not identical. For the first three settlement periods the calculations under (b) use SBP (System Buy Price) whilst (c) uses MP (Market Price). After the three initial settlement periods, the calculations are identical.

Diagram 1 shows the difference between categories (b) and (c):

Diagram 1



2.3 The proposer believes that the Relevant Interruptions arising under category (b) and (c) should both use SBP in the calculations as SBP is the exposure a generator is subjected to, following an Interruption.



What is a Planned outage?

A Planned Outage is defined in the Grid Code as:

An outage of a **Large Power Station** or of part of the **National Electricity Transmission System**, or of part of a **User System**, co-ordinated by **NGET** under **OC2**.



What is System Buy Price?

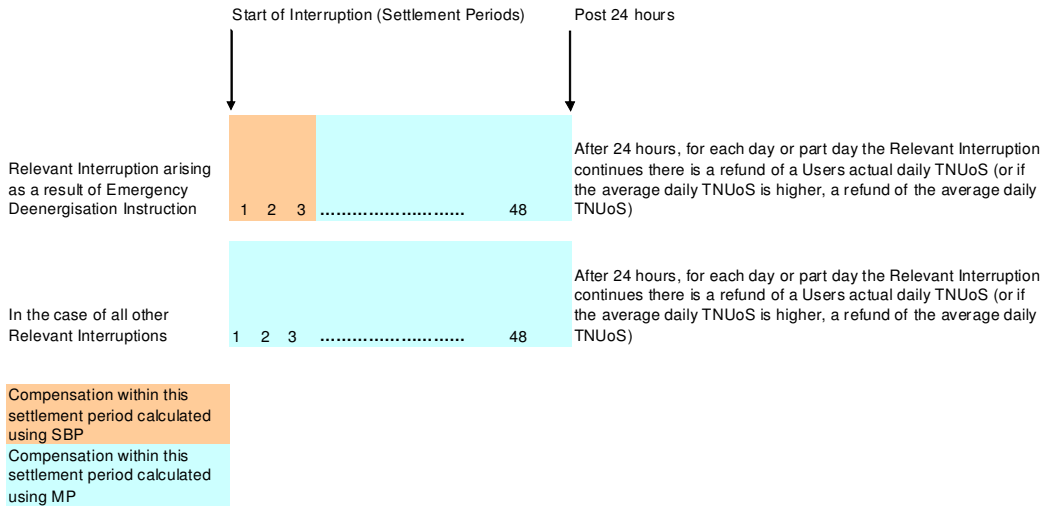
The System Sell Price (SSP) and the System Buy Price (SBP) are the 'cash-out' prices or 'imbalance prices' that are used to settle the difference between contracted generation or consumption and the amount that was actually generated or consumed in each half hour trading period

3 Solution

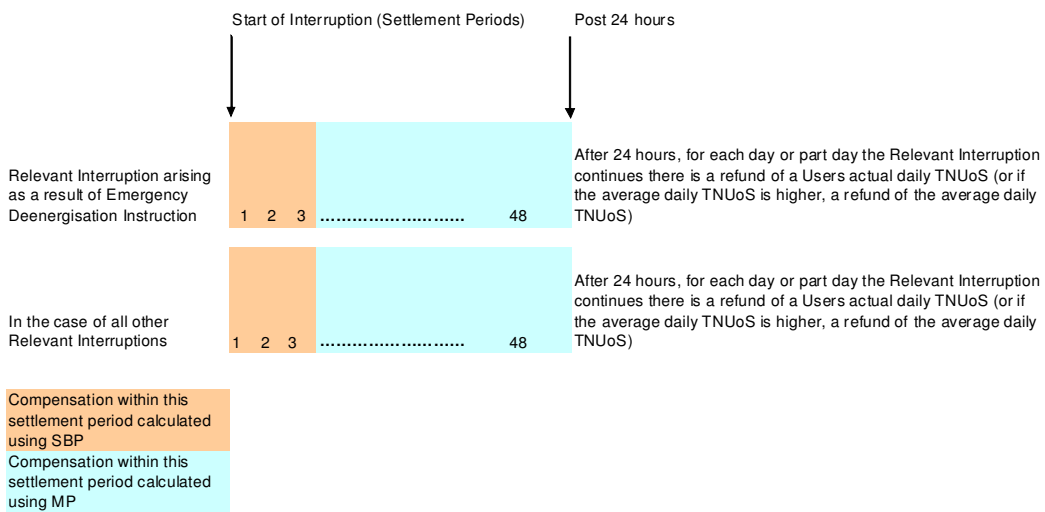
3.1 CMP211 seeks to address the issues raised in Section 2 by amending the Interruption Payment definition under the CUSC such that the calculations for 'All other Relevant Interruptions' are consistent with a 'Relevant Interruption arising as a result of an Emergency Deenergisation Instruction'. The diagram below shows the comparison between the current arrangements and the proposed arrangements under CMP211.

Diagram 2

Current Position



Proposed Position





What is Gate Closure?

Gate Closure (defined in the BSC):

“means, in relation to a Settlement Period, the spot time 1 hour before the spot time at the start of that Settlement Period”

Gate Closure is the period for which generators cannot change certain data submissions including FPNs (Final Physical Notifications). Gate Closure is currently the existing settlement period + 1 hour. This means, for example, if the time was 11:01am, Gate Closure is until 12:30pm i.e. the generator can submit data for settlement periods 12:30 onwards but not change certain items (e.g. FPNs) for the Gate Closure period.

Presentation of Proposal

4.1 The National Grid Representative presented CMP211 at the Workgroup at the first meeting and provided the background to why it was raised. The presentation included details of BSSG discussions around the issue of compensation arrangements for loss of transmission access. The Workgroup discussed the main components of the modification.

Alignment of a Relevant Interruption as a result of Emergency Deenergisation and All other Relevant Interruptions.

4.2 The Workgroup discussed the merits of aligning the compensation arrangements for “A Relevant Interruption arising as a result of an Emergency Deenergisation Instruction” (EDI) and “All other Relevant Interruptions”. The proposer explained that using SBP to calculate the compensation for such interruptions would be more reflective of the impact on the party than using the Market Price. SBP is derived from the actions taken by the System Operator (SO) to resolve a shortfall in energy. These actions are generally more expensive than the market price as each party will place a premium on their ‘offers’ to the SO. A party which was ‘short’ when the system was short would be exposed to SBP.

4.3 The Workgroup discussed the length of time that an EDI would be paid. The proposer clarified that the payment is given for the full settlement period, irrespective of the point within a settlement period the EDI started. For example an EDI issued to a generator at 11:01 to deenergise would be compensated for the same amount as an instruction issued at 11:28. This is represented below. In both scenarios, transmission access is restored at 13:28 and thus the compensation is payable for five settlement periods.

Diagram 3

Scenario 1

SP 1	SP 2	SP 3	SP 4	SP 5
11:00 to 11:30	11:30 to 12:00	12:00 to 12:30	12:30 to 13:00	13:00 to 13:30
EDI Issued 11:01				EDI Rescinded 13:28

Scenario 2

SP 1	SP 2	SP 3	SP 4	SP 5
11:00 to 11:30	11:30 to 12:00	12:00 to 12:30	12:30 to 13:00	13:00 to 13:30
EDI Issued 11:28				EDI Rescinded 13:28

4.4 Further discussions were held on whether compensation, for an EDI, would start from the time the instruction was issued, or from the start time of the deenergisation (if later). The majority of the Workgroup believed that the payment mechanism (not the actual payment) starts from the time of an instruction. For example, if an instruction was given to a generator at 11:01 to deenergise at 14:00, the payment mechanism would start at 11:00 rather than 14:00. However, the actual compensation payment would start from 14:00. The generator would continue to generate until 14:00, and would not be eligible for compensation until deenergisation because when calculating the volume due for compensation the payment mechanism calculates TEC

less the CEC¹ of the unaffected units. The Workgroup debated whether these timings were appropriate and whether compensation should start from the time of the instruction, however this was considered out of scope for this modification.

- 4.5 The Workgroup confirmed the common understanding within the group that the defect the modification sought to resolve related to the first three settlement periods of a claim i.e. the settlement periods for which gate Closure had incurred.
- 4.6 One Workgroup member questioned the difference between an EDI and an Emergency Instruction (EI). The National Grid representative confirmed that an EDI is only used under specific circumstances such as risk to Transmission plant. An EI is used for other emergency situations; these can include an increase in generation as well as decreases. An EI is compensated based on that generators last submitted price in the Balancing Mechanism. This is also known as a deemed Bid Offer Acceptance (BOA).
- 4.7 The Workgroup agreed that alignment of a 'Relevant Interruption as a result of Emergency Deenergisation' and 'all other Relevant Interruptions' such that they were both, for the first three settlement periods, calculated using SBP was appropriate. SBP is appropriate because an affected party is exposed to this price in the event of a Relevant Interruption impacting this party.
- 4.8 The group discussed the materiality of the CMP211 change. The CUSC Panel initial view was that CMP211 was a self-governance modification, but the group believed that it would be useful for National Grid to provide additional analysis on the possible impact before reaching a decision on self-governance status. The Workgroup asked National Grid to provide analysis on the financial impact of alignment; which can be found below (section 4.9 and 4.10).
- 4.9 Post-meeting National Grid confirmed that if this modification was applied retrospectively to all of the Relevant Interruption claims paid out to date then the difference using an SBP methodology for the first three settlement periods (rather than MP) would have been approximately £215,000 in total.
- 4.10 National Grid also carried out analysis showing the impact of this change using average SBP and MP. Table 1 shows the difference between using SBP and MP for the first three settlement periods. For a 400MW unit, the compensation would have been £5,160 higher using average SBP. It should be noted that the average prices used are for the period Jan-Jun 2012 (inclusive). Relevant Interruptions are calculated using actual prices so the table is only meant to be used as a guide.

Table 1

¹ in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and

System Buy Price (Average)			
Impacted MW Unit	1 SP	2 SP	3 SP
100	£2,687	£5,373	£8,060
200	£5,373	£10,746	£16,119
300	£8,060	£16,119	£24,179
400	£10,746	£21,492	£32,238

Market Price (Average)			
Impacted MW Unit	1 SP	2 SP	3 SP
100	£2,257	£4,513	£6,770
200	£4,513	£9,026	£13,539
300	£6,770	£13,539	£20,309
400	£9,026	£18,052	£27,078

Total Difference	Across 3 SP's
100	£1,290
200	£2,580
300	£3,870
400	£5,160

4.11 System Buy Price can vary considerably across settlement periods. Table 2 below shows the difference, for a 400MW unit, between using actual SBP and MP across 3 rolling consecutive settlement periods (for Jan-Jun 2012 inclusive). The table shows across the period in question that, on 1.4% of occasions there would have been a reduction in payment by using SBP rather than MP. On 46% of occasions there would have been no difference, and on 80% of occasions the difference would have been less than £10,000. However, on 2.9% of occasions, the difference would have been more than £25,000. This 2.9% includes 3 occasions in which the difference would have been more than £100,000. The biggest difference would have been if a Relevant Interruption occurred on the 11th February 2012, when SBP hit a peak of £264/MWh in settlement period 21 while MP was £87 £/MWh. The biggest difference across the period (Jan-Jun 2012) was £109,688 (all three values above £100,000 occurred on the 11th Feb 2012).

Table 2

	Number	%	Cumulative	Cumulative excluding reduction %
Reduction*	122	1.4%	1.4%	
No Difference	3,886	44.5%	45.9%	44.5%
< £2000	509	5.8%	51.7%	50.3%
>£2000 and < £5000	1,094	12.5%	64.3%	62.9%
>£5000 and < £8000	928	10.6%	74.9%	73.5%
>£8000 and < £10000	514	5.9%	80.8%	79.4%
>£10000 and < £15000	875	10.0%	90.8%	89.4%
>£15000 and < £20000	392	4.5%	95.3%	93.9%
>£20000 and < £25000	163	1.9%	97.1%	95.8%
>£25000	249	2.9%	100.0%	98.6%
Total	8,732			

* There can be a reduction in payment when using SBP instead of Market Price (MP) because MP can sometimes be higher than the SBP.

4.12 Market Price, which most of the time is also the reverse price, can on occasions be zero. Market Price will be zero if the volume of trades for the settlement period in question (for the Market Index Data Provider) is less than a threshold specified in the Market Index Definition Statement. The liquidity threshold for the two data providers is currently set (by the BSC Panel) at 25MWh. This means if the volume of trades within a settlement period is less than 25MWh then the price and volume are reported as zero. If the MP is reported as zero then the reverse price defaults to the main price. When MP is used to calculate compensation there could be a situation where the MP is zero and the calculation results in no compensation for that settlement period. In 2012 to the end of June, MP has been zero for two settlement periods, SP48 on 6 Feb 2012 and SP3 on 10 May 2012. There have been a total of 22 (~0.05%) zero MP settlement periods since P217 was implemented on the 5 November 2009.

4.13 The zero MP issue was highlighted post meeting and at the final Workgroup meeting the group discussed the best way to account for these settlement periods. It was recognised that these are rare occurrences and that a solution should be kept simple to cater for these occurrences. The Workgroup agreed that using the last settlement period to calculate the compensation (which did not have a zero MP) in advance of the settlement period with the zero MP would be the most appropriate solution, especially as prices for settlement periods after the incident may be influenced by a incident. The legal text has been amended to capture this. In the example below SP2 and SP3 have a MP of zero. If an incident was within one of these settlement periods, then the price within SP1 will be used as this would be the last settlement period before the incident which did not have a zero Market Price.

	SP 1	SP 2	SP 3	SP 4
Price £MWh	38	0	0	55

Consideration of a more robust reference in the legal text to System Buy Price (SBP)

- 4.14 The Terms of Reference for the Working Group included the consideration of a more robust reference in the legal text to SBP. The Interruption Payment definition (In the case of a Relevant Interruption arising as a result of Emergency Deenergisation) under Section 11 of the CUSC refers to a specific section of the Balancing and Settlement Code (BSC), the reference is now outdated but originally referenced the SBP. CMP211 proposed updating the reference to the correct section of the BSC; however the Workgroup considered it appropriate that the legal text should reference SBP (which is a defined term within the BSC) rather than a specific section in the BSC. This would prevent any future BSC section changes requiring a CUSC change.
- 4.15 The 'All other Relevant Interruptions' also includes a reference to a specific section in the BSC; for consistency, the Workgroup considered this should also be amended. There was some debate as to whether the correct reference should be to Market Price or Market Index Price. The initial view of the Workgroup was that reference should be to Market Price. National Grid provided some additional information post-meeting to confirm that Market Price is the appropriate reference (see paragraph below).
- 4.16 Post-meeting National Grid confirmed that the Market Index Definition Statement sets out which providers and products are used to derive Market Index Data from a Market Index Data Provider. This Market Index Data is then used to derive a Market Index Price for a Market Index Data Provider (which may be one of several data providers). The Market Index Price(s) are then used to derive the Market Price. The Market Index Price refers to the price from individual data providers with Market Price referring to the final derived price.

Other Workgroup discussion on legal text

- 4.17 The Workgroup debated the draft legal text, supplied by the proposer which deleted the text for 'All other Relevant Interruptions' and amended the text for 'Relevant Interruptions as a result of Emergency Deenergisation' to capture 'All Relevant Interruptions' (including those as a result of Emergency Deenergisation). The group preference was, for simplicity, to keep the legal text distinct. The relevant legal text associated with CMP211 is attached as an Annex 1 to this document. At the final Workgroup meeting the group discussed the additional changes to the legal text required as a result of the Market Price being zero on some occasions.

Workgroup Alternative CUSC Modifications

- 4.18 The Workgroup did not propose any Workgroup Alternative CUSC Modifications to the original proposal.

Self-Governance

4.19 At the final Workgroup meeting the Workgroup debated if CMP211 met the Self-governance criteria. Four of the respondents to the consultation felt the modification should be progressed as self-governance versus two, who felt that the potential impact was such that it did not meet the self-governance criteria. National Grid analysis showed the potential impact of this modification (if it had been retrospective) would have been ~£215,000 (in total). However, as this value would have been socialised across all industry parties, the actual impact to all parties would be extremely low, thus the majority of the Workgroup decided that modification should continue to be progressed as self-governance.

Implementation timing issues

4.20 The Workgroup also discussed the issue of claims that had been submitted before the implementation of CMP211 and whether the calculation would be based on the old CUSC baseline or the implemented baseline using SBP. The Workgroup view was that the calculation would have to be based on the new baseline if the compensation was to be paid after CMP211 had been implemented as it may not be possible to reference an old version of the CUSC.

5 Summary of Workgroup Responses

There were 6 responses received to the Workgroup consultation:

DONG Energy
 Eggborough Power Limited (EPL)
 ScottishPower Renewables
 E.ON UK Plc.
 EDF Energy
 SSE

The response from each party is attached in Annex 5. The two tables below are provided for convenience. Table 2 shows (for those questions where a yes/no response was possible) the breakdown in response from respondents. Table 3 is a condensed version of each respondents response across all the questions asked (4 general questions and 3 specific questions).

Table 2

Question	Yes	No
Do you believe that CMP211 better facilitates the Applicable CUSC Objectives?	6	0
Do you support the proposed implementation approach?	6	0
Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?	0	6
Do you agree with the Workgroup view that the calculations for 'Relevant Interruptions as a result of Emergency Deenergisation' and 'All other Relevant Interruptions' should be aligned such that both are compensated at SBP for settlement periods for which Gate Closure had incurred?	6	0
Should this modification be progressed as self-governance given the potential impact described above?	4	2

Table 3

Condensed consultation responses by respondent	
DONG Energy	DONG Energy support the modification, and believe it should be progressed as self-governance.
Eggborough Power Limited (EPL)	Eggborough agree that compensation payments for interruption should be aligned, and are disappointed that a longer duration of administered compensation was not considered as an alternative to the modification. They feel that the potential materiality means this is not a self governance modification.
ScottishPower Renewables	ScottishPower support the modification and believe it should be progressed as self-governance. They believe a further defect exists in the arrangements in that these are based on conventional, fossil fuel generation and do not reflect the value of a renewable generator's losses in the event of an interruption. They believe that further, separate consideration should be given to this in pursuit of improving facilitation of the relevant CUSC objectives.
E.ON UK Plc.	E.ON support the modification, and believe it should be progressed as self-governance.
EDF Energy	EDF support the modification, and believe it should be progressed as self-governance
SSE	SSE supports the modification. Their initial view is that it would not appear to meet the CUSC self-governance criteria, given the criteria. They note that CMP211, raised by National Grid on behalf of BSSG precluded an Alternative being raised to extend the claims period from 24 to 36 hours. This could thus result in another Modification proposal having to be raised to deal with this incurring extra cost.

6 Impacts and Costs

Impact on the CUSC

- 6.1 CMP211 requires amendments to the following parts of the CUSC:
- The 'Interruption Payment' definition under Section 11.
- 6.2 The final legal text is attached as Annex 1 to this document. The legal text will be consulted as part of the Code Administrator Consultation.

Impact on Greenhouse Gas Emissions

- 6.3 Neither the proposer nor the Workgroup identified any material impact on Greenhouse Gas emissions.

Impact on Core Industry Documents

- 6.4 Neither the proposer nor the Workgroup identified any impacts on Core Industry Documents.

Impact on other Industry Documents

- 6.5 Neither the proposer nor the Workgroup identified any impacts on other Industry Documents.

Costs

Code administration costs	
Resource costs	£3,630 - 2 Workgroup meetings £94 - Catering
Total Code Administrator costs	£3,724

Industry costs (Standard CMP)	
Resource costs	£12,705 – 2 Workgroup meetings £14,520 – 2 Consultations <ul style="list-style-type: none">• 2 Workgroup meetings• 7 Workgroup members• 1.5 man days effort per meeting• 1.5 man days effort per consultation response• consultation respondents
Total Industry Costs	£27,225

7 Proposed Implementation

- 7.1 The Workgroup propose that once the Panel have made their determination, CMP211 should be implemented 10 Working Days after the Self-governance appeal window has closed.
- 7.2 Both respondents to the Code Administrator Consultation supported the proposed implementation approach.

8 The Case for Change

Assessment against Applicable CUSC Objectives

- 8.1 At the final Workgroup meeting the group discussed whether CMP211 better facilitates the Applicable CUSC Objectives. The outcome from the voting is shown below in the table.
- 8.2 For reference the CUSC Objectives are:
- the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and
 - 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.
 - compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Vote 1: Whether the proposal better facilitates the Applicable CUSC Objectives (than the CUSC baseline)

a) CMP211 Original Proposal

	(a) the efficient discharge by the licensee....	(b) facilitating effective competition in the generation....	(c) compliance with the Electricity Regulation....
Tariq Hakeem	Neutral.	Alignment will introduce clarity for parties.	Neutral
Garth Graham	Neutral.	Modification is better in that parties keep their neutral position, it ensures they do not profit or lose out.	Neutral.
Ebba John	Neutral.	Modification better facilitates objective (b)	Neutral.
Raoul Thulin	Neutral.	Better reflects costs incurred.	Neutral.
Leonida Bandura	Neutral.	Modification cost reflective, harmonises arrangements and parties treated more equally.	Neutral.

Vote 2: Does the Modification better facilitate achievement of the ACOs?

Name	Preference
Tariq Hakeem	Original
Garth Graham	Original
Ebba John	Original
Raoul Thulin	Original
Leonida Bandura	Original

8.3 In summary, there were no Alternatives proposed and all of the Workgroup members concluded that the original proposal was better than the CUSC baseline.

8.4 The Workgroup believes that the Terms of Reference have been fulfilled and that CMP211 has been fully considered.

National Grid's Opinion

8.5 National Grid believes that CMP211 better facilitates the Applicable CUSC Objectives than the existing arrangements. The alignment of the compensation arrangements, using SBP, is appropriate as an affected party is likely to be exposed to SBP. By fully aligning the two mechanisms, parties are treated consistently and equitably.

CUSC Modifications Panel Determination

8.6 At its meeting on 14th December 2012, the Panel voted unanimously that CMP211 better facilitates the Applicable CUSC Objectives and so should be implemented. As the Panel had previously submitted, and not withdrawn, a Self-governance Statement in respect of CMP211 and the Authority had not directed otherwise, the Panel made a determination rather than a recommendation on CMP211. Details of the Panel voting are set out in the table below.

8.7 The 15 working day Self-governance Appeal Window commenced on 14th December 2012 and closes on 9th January 2013. Pending any appeals, CMP211 will be implemented 10 working days later on the 24th January 2013.

Panel Member	Better facilitates ACO (a)?	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Overall (Y/N)
Alternate: Bob Brown for Duncan Carter	Neutral	Yes, clear and consistent messages to parties.	Neutral	Yes
James Anderson	Neutral	Yes, treats parties consistently. Using System Buy Price (SBP) reflects the costs Parties incur	Neutral	Yes
Alternate: Michael Dodd for	Neutral	Yes, treats parties equitably and more accurately reflects costs generators incur.	Neutral	Yes

Panel Member	Better facilitates ACO (a)?	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Overall (Y/N)
Simon Lord				
Michael Dodd	Neutral	Yes, as above.	Neutral	Yes
Ian Pashley	Neutral	Yes, SBP reflects costs incurred and is more appropriate than using a market price.	Neutral	Yes
Garth Graham	Neutral	Yes, as above.	Neutral	Yes
Paul Jones	Neutral	Yes, as above.	Neutral	Yes
Bob Brown	Neutral	Yes, as above.	Neutral	Yes
Paul Mott	Neutral	Yes, as above.	Neutral	Yes

9 Code Administrator Consultation Responses

There were 2 responses received to the Code Administrator Consultation:

E.ON UK Plc.
EDF Energy

The response from each party is attached in Annex 6 of this report and is summarised below.

Company Name:	EDF Energy	E.ON UK Plc.
<p>Do you believe that the proposed original better facilitate the Applicable CUSC Objectives? Please include your reasoning.</p>	<p>Yes. We agree with the rational to align the compensation arrangements across different interruption types such that “All Other Relevant Interruptions” are compensated at SBP for the first three periods as per Emergency Deenergisation interruptions, rather than Market Index Price. This would reduce the exposure of interrupted generators as SBP is more reflective of the impact taken by the SO to resolve a shortfall in energy, as the analysis in the workgroup report shows. We also agree that the proposal should progress under the self-governance route as agreed at the June Panel. EDF Energy therefore supports the implementation of this modification.</p>	<p>Applicable CUSC objective (a) is better facilitated in that the modification will improve efficiency by aligning calculations for ‘Relevant Interruptions as a result of Emergency Deenergisation’ and ‘All other Relevant Interruptions’</p>
<p>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</p>	<p>Yes. To be clear we believe that existing claims should be paid based on this new baseline if this modification is implemented and payment is received after the implementation date.</p>	<p>Yes</p>
<p>Do you believe that CMP211 should be progressed as Self-governance?</p>	<p>Yes</p>	<p>Yes</p>
<p>Do you have any other comments?</p>	<p>While this modification better aligns two of the three types of compensation mechanisms, it</p>	<p>No</p>

	<p>was recognised through the BSSG workgroup that it still doesn't fully compensate a generator's loss from being interrupted. The third type of compensation mechanism under Emergency Instructions does fully compensate generators for being interrupted and consideration should be given to aligning enhancing the disconnection compensation arrangements further.</p>	
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Amend definition of "Interruption Payment" in CUSC Section 11: Interpretation and Definitions, as set out below.

“Interruption Payment”

the payment for each day or part thereof of the **Interruption Period** calculated as follows:

1. In the case of a **Relevant Interruption** arising as a result of a **Planned Outage** the higher of:

A. the £ per MW calculated by reference to the total TNUoS income derived from generators divided by the total system **Transmission Entry Capacity**, in each case using figures for the **Financial Year** prior to that in which the **Relevant Interruption** occurs, this is then divided by 365 to give a daily £ per MW rate; or

B. the actual £ per MW of an **Affected User** by reference to the tariff in the **Use of System Charging Statement** for the **Financial Year** in which the **Relevant Interruption** occurs divided by 365 to give a daily £ per MW rate.

A or B are then multiplied by:

a) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and

b) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**.

2. In the case of a **Relevant Interruption** arising as a result of an **Emergency Deenergisation Instruction**:

(a) sum equal to the [System Buy Price as defined in the price in £/MWh for the relevant Settlement Period\(s\) \(as provided for in Section T 4.4.5 of the Balancing and Settlement Code\)](#) for each **Settlement Period** (or part thereof) from the time when the **Emergency Deenergisation Instruction** was issued by **The Company** until the first **Settlement Period** for which **Gate Closure** had not (at the time the **Emergency Deenergisation Instruction** was issued by **The Company**) occurred

multiplied by:

(i) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and

(ii) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**,

(b) For each subsequent **Settlement Period** of the **Relevant Interruption** which occurs within the first 24 hours of the **Relevant Interruption**, a sum equal to the **Market Price** as defined in the **Balancing and Settlement Code** ~~price in £/MWh for the relevant Settlement Period(s) (as provided for in Section T 1.5.3 of the Balancing and Settlement Code)~~

multiplied by:

(i) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection site**; and

(ii) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**; and

(c) and after the first 24 hours a sum calculated as 1 above

3. In the case of all other **Relevant Interruptions**:

(a) sum equal to the **System Buy Price** as defined in the **Balancing and Settlement Code** ~~f~~For each **Settlement Period** ~~(or part thereof) from the start of such of the Relevant Interruption until the first Settlement Period for which Gate Closure had not (at the time the Relevant Interruption started) occurred which occurs within the first 24 hours of the Relevant Interruption, a sum equal to the price in £/MWh for the relevant Settlement Period(s) (as provided for in Section T 1.5.3 of the Balancing and Settlement Code).~~

Multiplied by:

~~(i)~~ a) in the case of an **Affected User** other than an **Interconnector Owner** the MW arrived at after deducting from the **Transmission Entry Capacity** for the **Connection Site** the sum of the **Connection Entry Capacity** of the unaffected **BM Units** at the **Connection Site**; and

~~(ii)~~ b) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**

(b) For each subsequent Settlement Period of the Relevant Interruption which occurs within the first 24 hours of the Relevant Interruption, a sum equal to the Market Price as defined in the Balancing and Settlement Code for the relevant Settlement Period(s)

multiplied by:

(i) in the case of an Affected User other than an Interconnector Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Connection Entry Capacity of the unaffected BM Units at the Connection Site; and

(ii) in the case of an **Affected User** who is an **Interconnector Owner** the MW specified in the **Transmission Entry Capacity** for the **Connection Site**; and

(c) and after the first 24 hours a sum calculated as 1 above.

Provided always that an **Affected User** shall not receive payment for more than one **Relevant Interruption** in any given day;

4. In the event of the relevant **Market Price** being zero then for the purpose of 2(b) or 3(b) the **Market Price** shall be deemed to be the most recent preceding positive price.

Workgroup Terms of Reference and Membership TERMS OF REFERENCE FOR CMP211 WORKGROUP

Responsibilities

1. The Workgroup is responsible for assisting the CUSC Modifications Panel in the evaluation of CUSC Modification Proposal CMP211 "Alignment of CUSC compensation arrangements for across different interruption types", tabled by National Grid at the CUSC Modifications Panel meeting on 29 June 2012.
2. The proposal must be evaluated to consider whether it better facilitates achievement of the Applicable CUSC Objectives. These can be summarised as follows:
 - (a) the efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence; and
 - (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.
 - (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.
3. It should be noted that additional provisions apply where it is proposed to modify the CUSC Modification provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

Scope of work

4. The Workgroup must consider the issues raised by the Modification Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.
5. In addition to the overriding requirement of paragraph 4, the Workgroup shall consider and report on the following specific issues:
 - a) More robust reference in the legal text to System Buy Price (SBP), rather than a reference to the relevant BSC clause number
 - b) Review the illustrative legal text
6. The Workgroup is responsible for the formulation and evaluation of any Workgroup Alternative CUSC Modifications (WACMs) arising from Group discussions which would, as compared with the Modification Proposal or the current version of the CUSC, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified.
7. The Workgroup should become conversant with the definition of Workgroup Alternative CUSC Modification which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the

Group and/or an individual member of the Workgroup to put forward a WACM if the member(s) genuinely believes the WACM would better facilitate the achievement of the Applicable CUSC Objectives, as compared with the Modification Proposal or the current version of the CUSC. The extent of the support for the Modification Proposal or any WACM arising from the Workgroup's discussions should be clearly described in the final Workgroup Report to the CUSC Modifications Panel.

8. Workgroup members should be mindful of efficiency and propose the fewest number of WACMs possible.
9. All proposed WACMs should include the Proposer(s)'s details within the final Workgroup report, for the avoidance of doubt this includes WACMs which are proposed by the entire Workgroup or subset of members.
10. There is an obligation on the Workgroup to undertake a period of Consultation in accordance with CUSC 8.20. The Workgroup Consultation period shall be for a period of 4 weeks as determined by the Modifications Panel.
11. Following the Consultation period the Workgroup is required to consider all responses including any WG Consultation Alternative Requests. In undertaking an assessment of any WG Consultation Alternative Request, the Workgroup should consider whether it better facilitates the Applicable CUSC Objectives than the current version of the CUSC.

As appropriate, the Workgroup will be required to undertake any further analysis and update the original Modification Proposal and/or WACMs. All responses including any WG Consultation Alternative Requests shall be included within the final report including a summary of the Workgroup's deliberations and conclusions. The report should make it clear where and why the Workgroup chairman has exercised his right under the CUSC to progress a WG Consultation Alternative Request or a WACM against the majority views of Workgroup members. It should also be explicitly stated where, under these circumstances, the Workgroup chairman is employed by the same organisation who submitted the WG Consultation Alternative Request.

12. The Workgroup is to submit its final report to the Modifications Panel Secretary on 18 October 2012 for circulation to Panel Members. The final report conclusions will be presented to the CUSC Modifications Panel meeting on 26 October 2012.

Membership

13. The Workgroup has the following members:

Role	Name	Representing
Chairman	Shafqat Ali	Code Administrator
National Grid Representative*	Tariq Hakeem	National Grid
Industry Representatives*	Garth Graham	SSE
	Leonida Bandura	E.ON
	Raoul Thulin	RWE
	Allan Kelly	SP Renewables
	Ebba John	DONG Energy
	John Costa	EDF Energy

Authority Representatives	Vanja Munerati Sheona Mackenzie	Ofgem
Technical secretary	Steve Lam	Code Administrator
Observers	Tim Truscott	National Grid

NB: A Workgroup must comprise at least 5 members (who may be Panel Members). The roles identified with an asterisk in the table above contribute toward the required quorum, determined in accordance with paragraph 14 below.

14. The chairman of the Workgroup and the Modifications Panel Chairman must agree a number that will be quorum for each Workgroup meeting. The agreed figure for CMP211 is that at least 5 Workgroup members must participate in a meeting for quorum to be met.
15. A vote is to take place by all eligible Workgroup members on the Modification Proposal and each WACM. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference). The Workgroup chairman shall not have a vote, casting or otherwise. There may be up to three rounds of voting, as follows:
 - Vote 1: whether each proposal better facilitates the Applicable CUSC Objectives;
 - Vote 2: where one or more WACMs exist, whether each WACM better facilitates the Applicable CUSC Objectives than the original Modification Proposal;
 - Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this vote should include the existing CUSC baseline as an option.

The results from the vote and the reasons for such voting shall be recorded in the Workgroup report in as much detail as practicable.

16. It is expected that Workgroup members would only abstain from voting under limited circumstances, for example where a member feels that a proposal has been insufficiently developed. Where a member has such concerns, they should raise these with the Workgroup chairman at the earliest possible opportunity and certainly before the Workgroup vote takes place. Where abstention occurs, the reason should be recorded in the Workgroup report.
17. Workgroup members or their appointed alternate are required to attend a minimum of 50% of the Workgroup meetings to be eligible to participate in the Workgroup vote.
18. The Technical Secretary shall keep an Attendance Record for the Workgroup meetings and circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the final Workgroup report.
19. The Workgroup membership can be amended from time to time by the CUSC Modifications Panel.

Appendix: Indicative Workgroup Timetable

20. The following timetable is indicative for the CMP211 Workgroup.

w/c 2 July	Send out request for WG nominations
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31 July	First Workgroup meeting
8 August	Issue draft Workgroup Consultation for Workgroup comment (5 working days)
15 August	Deadline for comments on draft Workgroup Consultation
17 August	Publish Workgroup consultation (for 4 weeks)
14 September	Deadline for responses to Workgroup consultation
w/c 24 September	Post-consultation Workgroup meeting
8 October	Circulate draft Workgroup Report
15 October	Deadline for comment on Workgroup report
18 October	Submit final Workgroup report to Panel Secretary
26 October	Present Workgroup report to CUSC Modifications Panel

CUSC Modification Proposal Form	CMP211
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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

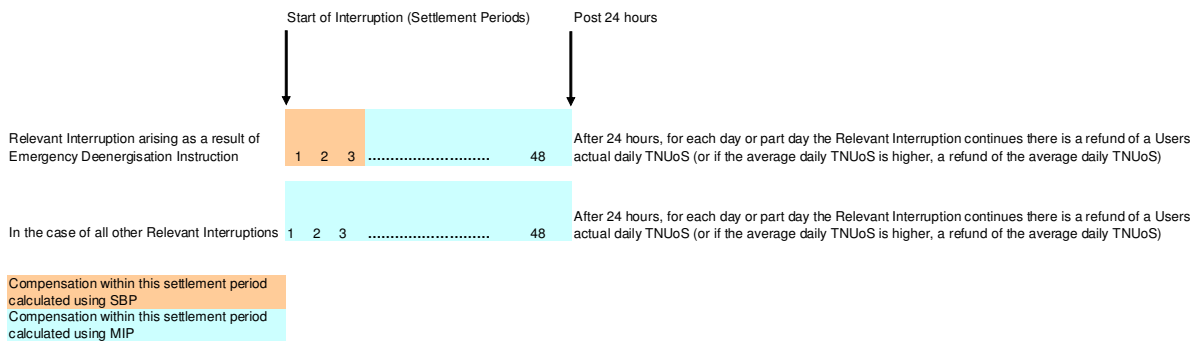
Description of the CUSC Modification Proposal (mandatory by Proposer)

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.

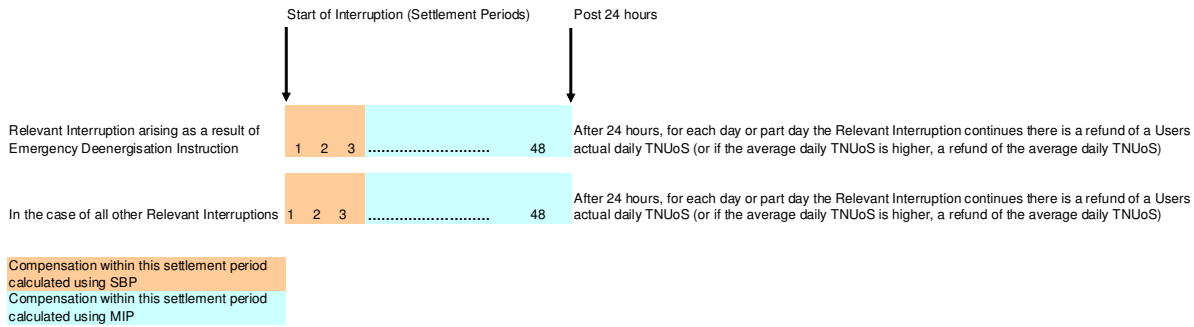
The compensation methodologies for a Relevant Interruption arising as a result of an Emergency Deenergisation Instruction and for other Relevant Interruptions (the second and third items in the bulleted list) are similar but not identical. The diagram below compares the two for a Relevant Interruption 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 Deenergisation* are similar but not identical. These two methodologies were introduced at different times, the *Relevant Interruption* methodology was introduced via CAP048 on 1st April 2004, with the methodology for *Relevant Interruption as a result of Emergency Instruction* introduced via CAP144 on 27th 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

<p>STC <input type="checkbox"/></p> <p>Other <input type="checkbox"/></p> <p><i>(please specify)</i></p>
<p>Urgency Recommended: Yes / No (optional by Proposer)</p> <p>NO</p>
<p>Justification for Urgency Recommendation (mandatory by Proposer if recommending progression as an Urgent Modification Proposal)</p>
<p>Self-Governance Recommended: Yes / No (mandatory by Proposer)</p> <p>NO</p>
<p>Justification for Self-Governance Recommendation (Mandatory by Proposer if recommending progression as Self-governance Modification Proposal)</p>
<p>Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews? (Mandatory by Proposer in order to assist the Panel in deciding whether a Modification Proposal should undergo a SCR Suitability Assessment)</p> <p>Yes</p>
<p>Impact on Computer Systems and Processes used by CUSC Parties: (this should be given where possible)</p>
<p>Details of any Related Modification to Other Industry Codes (where known):</p>
<p>Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives: (mandatory by proposer)</p> <p>Please tick the relevant boxes and provide justification:</p> <p><input type="checkbox"/> (a) the efficient discharge by The Company of the obligations imposed upon it by the Act and the Transmission Licence</p> <p>Neutral</p> <p><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> <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> <p><input type="checkbox"/> (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.</p>

Neutral

These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1

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

Annex 4 - Workgroup Attendance Register

Name	Organisation	Role	31/07/12 Attended?	02/10/12 Attended?
Shafqat Ali	National Grid	Chairman	Yes	Yes
Tariq Hakeem	National Grid	Proposer	Yes	Yes
Steve Lam	National Grid	Code Administrator	Yes	Yes
Tim Truscott	National Grid	Observer	Yes	No
Garth Graham	SSE	Workgroup Member	Yes	Yes
Leonida Bandura	EON	Workgroup Member	Yes	Yes
Raoul Thulin	RWE	Workgroup Member	Yes	Yes
Allan Kelly	SP Renewables	Workgroup Member	Yes	No
Ebba John	DONG Energy	Workgroup Member	Yes	Yes
John Costa	EDF Energy	Workgroup Member	Yes - Teleconference	No
Sheona Mackenzie	Ofgem	Authority Representative	Yes - Teleconference	No
Vanja Munerati	Ofgem	Authority Representative	No	Yes

Annex 5 - Workgroup Consultation Responses

See below.

CMP211 - Alignment of CUSC compensation arrangements for across different interruption types

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 14 September 2012** to cusc.team@nationalgrid.com

Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

Any queries on the content of the consultation should be addressed to Steve Lam at cusc.team@nationalgrid.com.

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	John Costa Tel: 020 3126 2324
Company Name:	EDF Energy
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	EDF Energy has been involved in this workgroup and the BSSG (Balancing Services Standing Group) work that led to this modification being raised and believe it is a fair reflection of the discussions had. We agree with the rational to align the compensation arrangements across different interruption types and the proposal to compensate "All Other Relevant Interruptions" at SBP for the first three periods, as per Emergency Deenergisation interruptions, rather than Market Index Price. This would reduce the exposure of interrupted generators as SBP is more reflective of the impact taken by the SO to resolve a shortfall in energy, as the analysis in the workgroup report shows. We also agree that the proposal should progress under the self-governance route as agreed at the June Panel. EDF energy therefore supports the implementation of this modification.
Do you believe that Error! Reference source not found. better facilitates the Applicable CUSC Objectives?	The workgroup has not yet considered this proposal under the relevant objectives – this will be carried out at the next stage after this consultation has concluded. However we believe that this modification does meet CUSC objectives b) in facilitating effective competition in the generation and supply of electricity by harmonising disconnection compensation at a more cost reflective level.

<p>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</p>	<p>Yes, we support the implementation date of 10 working days after the self-governance appeal window has closed.</p>
<p>Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?</p>	<p>No.</p>
<p>Do you have any other comments?</p>	<p>We note NG's clarification that the actual compensation calculation would start when the unit was deenergised rather than when the instruction was given which is useful.</p> <p>We also note NG's clarification that the term Market Index Price should in fact be Market Price as per the BSC.</p> <p>However, it would be useful to have the full list of Relevant interruptions published, including those where compensation was not claimed for. The same data would be useful to have for Emergency Instructions. To date NG has only published a list of "claimed for" Relevant Interruptions in the October 2011 Disconnection Compensation review however this didn't include those that hadn't claimed and Emergency Instructions which are paid at the Bid/Offer price.</p>

Specific questions for CMP211

Q	Question	Response
1	<p>Do you agree with the Workgroup view that the calculations for 'Relevant Interruptions as a result of Emergency Deenergisation' and 'All other Relevant Interruptions' should be aligned such that both are compensated at SBP for settlement periods for which Gate Closure had incurred?</p>	<p>Yes. Aligning the compensation such that "All Other Relevant Interruptions" receive SBP, and not just Emergency Deenergisations interruptions, will harmonise the arrangements and compensate affected generators more accurately. This is because SBP is a more accurate reflection of the costs an interrupted generator is likely to face in buying back its position as SBP is the price which the SO will take to resolve the ensuing shortfall in energy. The analysis conducted and presented by NG in the consultation shows that payments using SBP would have been marginally better to the sum of £215,000. It will also remove any competitive distortions between generators who are more susceptible to one type of interruption than another.</p>

Q	Question	Response
2	Should this modification be progressed as self-governance given the potential impact described above?	Yes
3	Do you have any comments on the draft legal text?	No

CMP211 - Alignment of CUSC compensation arrangements for across different interruption types

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 14 September 2012** to cusc.team@nationalgrid.com
Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

Any queries on the content of the consultation should be addressed to Steve Lam at cusc.team@nationalgrid.com.

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	<i>Leonida Bandura</i> Leonida.Bandura@eon-uk.com
Company Name:	<i>E.ON UK Plc.</i>
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	We have no other comments, other than those provided below.
Do you believe that CMP211 better facilitates the Applicable CUSC Objectives?	Applicable CUSC objective (a) is better facilitated in that the modification will improve efficiency by aligning calculations for 'Relevant Interruptions as a result of Emergency Deenergisation' and 'All other Relevant Interruptions'

Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.	Yes, we support the implementation approach.
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Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?	No
Do you have any other comments?	N/A

Specific questions for CMP211

Q	Question	Response
1	Do you agree with the Workgroup view that the calculations for ‘Relevant Interruptions as a result of Emergency Deenergisation’ and ‘All other Relevant Interruptions’ should be aligned such that both are compensated at SBP for settlement periods for which Gate Closure had incurred?	Yes, they should be aligned.
2	Should this modification be progressed as self-governance given the potential impact described above?	Yes, this should be progressed as a self-governance modification.
3	Do you have any comments on the draft legal text?	No

CUSC Workgroup Consultation Response Proforma

CMP211 - Alignment of CUSC compensation arrangements for across different interruption types

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 14 September 2012** to cusc.team@nationalgrid.com

Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

Any queries on the content of the consultation should be addressed to Steve Lam at cusc.team@nationalgrid.com.

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	<i>Allan Kelly, Regulatory Policy Manager T: 0141 568 4748 E: allan.kelly@scottishpower.com</i>
Company Name:	<i>ScottishPower Renewables</i>
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	<i>The rationale for the Work Group consultation is correct and justified given the need to correct this defect in pursuit of improved facilitation of the relevant CUSC objectives.</i>
Do you believe that Error! Reference source not found. better facilitates the Applicable CUSC Objectives?	Yes

Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.	Yes
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<p>Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?</p>	<p>No</p>
<p>Do you have any other comments?</p>	<p><i>We believe that a further defect exists in the compensation arrangements for interruptions. This relates to the compensation being based on rebate of TNUoS charges and/or SBP as proposed. However, these arrangements are based on conventional, fossil fuel generation and do not reflect the value of a renewable generator's losses in the event of an interruption. We believe that further, separate consideration should be given to this in pursuit of improving facilitation of the relevant CUSC objectives.</i></p>

Specific questions for CMP211

Q	Question	Response
1	<p>Do you agree with the Workgroup view that the calculations for 'Relevant Interruptions as a result of Emergency Deenergisation' and 'All other Relevant Interruptions' should be aligned such that both are compensated at SBP for settlement periods for which Gate Closure had incurred?</p>	<p>Yes.</p>
2	<p>Should this modification be progressed as self-governance given the potential impact described above?</p>	<p>Yes.</p>
3	<p>Do you have any comments on the draft legal text?</p>	<p>No.</p>

CUSC Workgroup Consultation Response Proforma

CMP211 - Alignment of CUSC compensation arrangements for across different interruption types

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 14 September 2012** to cusc.team@nationalgrid.com

Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

Any queries on the content of the consultation should be addressed to Steve Lam at cusc.team@nationalgrid.com.

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	Michelle Dixon Tel - 01977 782524 michelle.dixon@eggboroughpower.co.uk
Company Name:	Eggborough Power Limited (EPL)
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	Eggborough Power agrees that compensation payments for interruption should be aligned. There is no logical reason for them to be different as in both cases the generator's exposure to cost is the same. We agree with the proposer that the use of SBP better reflects the cost faced by the generator, though we think additional compensation should be considered and are disappointed that a longer duration of administered compensation was not considered as an alternative to the modification. A review of the timescale over which compensation is received should also be looked at and we welcome the work of CBSG in this area.
Do you believe that CMP211 better facilitates the Applicable CUSC Objectives?	Eggborough agrees that the modification would better facilitate the relevant objective, notably objective (b). By aligning interruption payment mechanisms there will be less distortion of competition. It is important in a competitive market that payments made to cover losses beyond the parties' control are fair and reasonable, covering costs. The market will be more equitable if a generator knows that the cause of the interruption does not impact the covering of their costs.
Do you support the proposed implementation approach? If	Eggborough agrees that the legal text should specifically

not, please state why and provide an alternative suggestion where possible.	reference SBP rather than the BSC.
Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?	Given the scope of the modification, we do not have an alternative. However, we would like to note that use of SBP does not in itself ensure Gencos are treated as equitably as possible, nor that their costs are covered. By not extending the time period over which compensation applies there is an increasing likelihood of claims. If there is any threshold then placed on claims the generator could be left out of pocket. A longer period of administered compensation would be more cost reflective and less expensive to administer than claims processes probably are.
Do you have any other comments?	No.

Specific questions for CMP211

Q	Question	Response
1	Do you agree with the Workgroup view that the calculations for 'Relevant Interruptions as a result of Emergency Deenergisation' and 'All other Relevant Interruptions' should be aligned such that both are compensated at SBP for settlement periods for which Gate Closure had incurred?	Yes – in order to make the payment mechanism equitable.
2	Should this modification be progressed as self-governance given the potential impact described above?	Eggborough feels that the potential materiality means this is not a self governance modification.
3	Do you have any comments on the draft legal text?	No.

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Respondent:	<i>Ebba John</i> ebjoh@dongenergy.co.uk
Company Name:	<i>DONG Energy</i>
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	We support the options proposed in the consultation.
Do you believe that Error! Reference source not found. better facilitates the Applicable CUSC Objectives?	Yes. <i>For reference, the Applicable CUSC Objectives are:</i> <i>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and</i> <i>(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,</i> <i>(c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.</i>

Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.	<i>Yes.</i>
Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?	<i>No.</i>
Do you have any other comments?	<i>No.</i>

Specific questions for CMP211

Q	Question	Response
1	Do you agree with the Workgroup view that the calculations for 'Relevant Interruptions as a result of Emergency Deenergisation' and 'All other Relevant Interruptions' should be aligned such that both are compensated at SBP for settlement periods for which Gate Closure had incurred?	Yes, we agree that this is a better option.
2	Should this modification be progressed as self-governance given the potential impact described above?	We believe that the modification should be progressed as a self-governance one. If a modification of this size could not be progressed in this manner, the relevance of the self-governance option would be questionable (apart from in the case of housekeeping ones).
3	Do you have any comments on the draft legal text?	<i>No.</i>

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Any queries on the content of the consultation should be addressed to Steve Lam at cusc.team@nationalgrid.com.

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	<i>Garth Graham (garth.graham@sse.com)</i>
Company Name:	<i>SSE</i>
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	We express our views regarding the Workgroup Consultation via our comments below.
Do you believe that CMP211 better facilitates the Applicable CUSC Objectives?	<p><i>For reference, the Applicable CUSC Objectives are:</i></p> <p><i>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and</i></p> <p><i>(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,</i></p> <p><i>(c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.</i></p> <p>We note that the Workgroup has not discussed whether CMP211 does better facilitate the Applicable CUSC Objectives. At this stage we are minded to believe that CMP211 does better facilitate the Applicable CUSC Objectives, and in particular (b) (we consider it to be neutral to (a) and (c)) as it should help</p>

	facilitate efficient competition in the generation of electricity as claims (from generators) will be aligned, which ensures parties are treated in an equitable manner.
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Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.	We note the implementation approach as set out in Section 6. We support the proposed implementation approach.
Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?	No. We note that this Modification, raised by National Grid 'on behalf of BSSG' precluded an Alternative being raised to extend the claims period from 24 to 36 hours (as many respondents to the earlier BSSG consultation had supported). This could thus result in another Modification proposal having to be raised to deal with this – which will incur extra costs. In our view it would have been more efficient to deal with this matter (as the BSSG had done) holistically.
Do you have any other comments?	No.

Specific questions for CMP211

Q	Question	Response
1	Do you agree with the Workgroup view that the calculations for 'Relevant Interruptions as a result of Emergency Deenergisation' and 'All other Relevant Interruptions' should be aligned such that both are compensated at SBP for settlement periods for which Gate Closure had incurred?	Given the deliberations in the BSSG and the Workgroup we agree that the calculations for 'Relevant Interruptions as a result of Emergency Deenergisation' and 'All other Relevant Interruptions' should be aligned such that both are compensated at SBP for settlement periods for which Gate Closure had occurred.

Q	Question	Response
2	<p>Should this modification be progressed as self-governance given the potential impact described above?</p>	<p>We note the Workgroup deliberations as set out in paragraph 4.8 and, in particular, the post meeting analysis undertaken by National Grid (as outlined in paragraphs 4.9 - 4.13). Given this analysis our initial view is that CMP211 would appear not to meet the 'self-governance criteria' of the CUSC given the materiality.</p> <p>In this regard we note that during periods of heightened interruptions (such as those issued in September last year) this might also lead to higher prices as (a) those generators went off-line (and National Grid sought replacement energy) and (b) parties seek to balance their loss of production arising from (a) going forward.</p>
3	<p>Do you have any comments on the draft legal text?</p>	<p>Why in the case of 3 (b) (i) is there a deduction from the TEC for the Connection Site for the sum of the CEC (and not TEC) of the unaffected BM Units at the Connection Site?</p> <p>Should this be drafted as either [x]:-</p> <p>(i) in the case of an Affected User other than an Interconnector Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Transmission Entry Capacity of the unaffected BM Units at the Connection Site;</p> <p>Or [y]</p> <p>(i) in the case of an Affected User other than an Interconnector Owner the MW arrived at after deducting from the Transmission Entry Capacity for the Connection Site the sum of the Transmission Entry Capacity or Connection Entry Capacity (which ever is lower) of the unaffected BM Units at the Connection Site;</p>

Annex 6 – Code Administrator Consultation Responses

See below.

CMP211 – Alignment of CUSC compensation arrangements for across different interruption types

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Please send your responses by **20 November 2012** to cusc.team@nationalgrid.com Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its recommendation to the Authority.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

Respondent:	Leonida Bandura Leonida.Bandura@eon-uk.com
Company Name:	E.ON UK Plc
Do you believe that the proposed original better facilitate the Applicable CUSC Objectives? Please include your reasoning.	For reference, the Applicable CUSC Objectives are: <i>(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence;</i> <i>(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.</i> <i>(c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.</i> Applicable CUSC objective (a) is better facilitated in that the modification will improve efficiency by aligning calculations for 'Relevant Interruptions as a result of Emergency Deenergisation' and 'All other Relevant Interruptions'
Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.	Yes
Do you believe that CMP211 should be progressed as Self-governance?	Yes
Do you have any other comments?	No

CMP211 – Alignment of CUSC compensation arrangements for across different interruption types

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Please send your responses by **20 November 2012** to cusc.team@nationalgrid.com Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its recommendation to the Authority.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

Respondent:	John Costa
Company Name:	EDF Energy
Do you believe that the proposed original better facilitate the Applicable CUSC Objectives? Please include your reasoning.	Yes. We agree with the rational to align the compensation arrangements across different interruption types such that “All Other Relevant Interruptions” are compensated at SBP for the first three periods as per Emergency Deenergisation interruptions, rather than Market Index Price. This would reduce the exposure of interrupted generators as SBP is more reflective of the impact taken by the SO to resolve a shortfall in energy, as the analysis in the workgroup report shows. We also agree that the proposal should progress under the self-governance route as agreed at the June Panel. EDF Energy therefore supports the implementation of this modification.
Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.	Yes. To be clear we believe that existing claims should be paid based on this new baseline if this modification is implemented and payment is received after the implementation date.
Do you believe that CMP211 should be progressed as Self-governance?	Yes
Do you have any other comments?	While this modification better aligns two of the three types of compensation mechanisms, it was recognised through the BSSG workgroup that it still doesn’t fully compensate a generator’s loss from being interrupted. The third type of compensation mechanism under Emergency Instructions does fully compensate generators for being interrupted and consideration should be given to aligning enhancing the disconnection compensation arrangements further.

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(By Email)

Emma Clark
CUSC Modifications Panel
Secretary
Emma.Clark2@nationalgrid.com
Direct tel +44 (0)1926 655223

2 July 2012

www.nationalgrid.com

Reference: CMP211 Self-Governance Statement

Dear Abid,

This is the CUSC Modifications Panel's Self-governance Statement to the Authority for CUSC Modification Proposal CMP 211 'Alignment of CUSC compensation arrangements for across different interruption types'. National Grid has prepared this Self-governance Statement on behalf of the CUSC Modifications Panel and submits it to you in accordance with CUSC Section 8.25.1.

On 29 June 2012 the CUSC Modifications Panel considered CMP211 and confirmed unanimously that it meets the Self-governance criteria.

As such, CMP211 is unlikely to discriminate between different classes of CUSC Parties and is unlikely to have a material effect on:

- i) Existing or future electricity customers;
- ii) Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
- iii) The operation of the National Electricity Transmission System
- iv) Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
- v) The CUSC's governance procedures or the CUSC's modification procedures

The proposed timetable for the progression of CMP211 is as follows:

W/C 23 July 2012	Workgroup Meeting 1
20 August 2012	Publish Workgroup Consultation
18 September 2012	Workgroup Consultation closes
W/C 24 September 2012	Post Workgroup Consultation Meeting
26 October 2012	Present Workgroup Report to Panel
7 November 2012	Publish Code Administrator Consultation
28 November 2012	Code Administrator Consultation closes
4 December 2012	Draft CUSC Modification Report circulated
11 December 2012	Draft CUSC Modification Report comment deadline
17 January 2013	Submit final CUSC Modification Report
25 January 2013	CUSC Modifications Panel Determination
15 February 2013	Appeal Window closes
1 March 2013	Implementation Date

The CMP211 form is available at

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/currentamendmentproposals/>.

If you require any further information please do not hesitate to contact me.

Yours Sincerely,

Emma Clark
CUSC Modifications Panel Secretary.