

# Workgroup Reports

**CMP368 'Updating Charges for the Physical Assets Required for Connection, Generation Output and Generator charges for the purpose of maintaining compliance with the Limiting Regulation &**

**CMP369 'Consequential changes to Section 14 of the CUSC'**

**Jennifer Groome, Code Administrator**

# CMP368 & CMP369 Background

- CMP368 has been raised to give effect to the Authority determination within the CMP317/327 decision published on the 17 December 2020 to amend the definition of Assets Required for Connection, create new definitions of 'GB Generation Output' and define Generator charges for use in the Limiting Regulation range calculation.
- CMP369 proposes to update the legal text relating to 'Generation Output' detailed in the tariff setting methodology within Section 14.14.5 and the Ex-Post Reconciliation within Section 14.17.37 of the CUSC to align with the updated definitions introduced by CMP368. It also proposes to update the GCharge element within the legal text to align with the definitions introduced via CMP368 to facilitate the removal of 'Large Distributed Generators' charges from the compliance calculation as directed by the Authority.
- CMP368 & CMP369 has been assessed by a Workgroup and will require Authority decision (Standard Governance).
- Implementation date is 1 April 2022.

# CMP368 & CMP369 Workgroup Consultation Responses Summary

- Workgroup Consultation held between 11 June 2021 and 2 July 2021. Ten non-confidential responses received.
- **Exclude both volumes and charges of LDG from compliance calculation or exclude volumes only.** Mixed response - Some felt excluding both was the correct interpretation of the Regulation and in line with the CMP317/327 Decision. Others believed since Distribution connected producers also contribute to overall cost recovery, the charges they pay should be included in the calculation of average tariffs. Some Workgroup members did not support inconsistent treatment of the charges and volumes as this could cause distortion.
- **Specific changes to a BCA that may trigger the reclassification of assets.** It was questioned whether when an asset changes hands between physical producers, it should trigger a reclassification of assets. The Workgroup noted that a “producer” is a “natural or legal person generating electricity”. The Workgroup were concerned that this interpretation could lead producers to change their legal entities with the sole purpose of triggering a re-classification of their assets. The majority of Workgroup members agreed that a change of ownership should not change how network assets are treated. Further guidance was sought from Ofgem on this matter, however no further guidance could be provided.
- **Obligation on the ESO to publish** The majority of respondents agreed that there should be an outturn value and transparently show the working for the compliance calculation. It was agreed to incorporate into the legal text.
- **TNUoS VS Transmission Charges.** The majority of respondents agreed that the legal definitions should be limited to TNUoS charges only, as it is clear within Ofgem's decision what the TNUoS charges should encompass. The Workgroup discussed this further and it was concluded that the TNUoS charges definition would be used and clearly outlined in the legal text as the Transmission Charges definition couldn't be clearly defined.
- **Legal interpretation issues.** Respondents and Workgroup Members voiced concerns around the legal interpretation and lack of transparency in the calculation, stating that there has not been enough time allocated to this modification to develop robust, consistent, practically applicable business rules and that independent legal advice is necessary to determine exactly what is and is not within the Connection Exclusion.

# CMP368 & CMP369 Workgroup Alternative CUSC Modifications

- 19 Workgroup Alternative CUSC Modifications were brought forward by the Workgroup for CMP368.
- No WACMs were brought forward for CMP369.
- All of the WACMs refer to Distributed Generators / Embedded Generators rather than Large Distributed Generators as per Ofgem's Direction. This is because the AFLC SCR proposed that DG more than or equal to 1 MW should be captured as being liable for TNUOS after its implementation date. Therefore workgroup members felt it was not necessary to make a distinction.
- The WACMs are combinations of the following elements:
  - Whether to **include the volumes and charges, exclude the volumes and charges** or **exclude the volumes only** associated Distributed Generators in/from the compliance calculation.
  - Whether to **include** or **exclude** demand transmission charges paid by generators (previously referred to as Station Demand in the Workgroup Consultation) in/from the compliance calculation.
  - What the **appropriate timestamp** should be for determining Pre-Existing Assets.
  - What constitutes as a **sufficient level of 'interconnectedness'** for charges associated with assets to not fall within the Connection Exclusion.

# CMP368 & CMP369 Workgroup Vote

The Workgroup Vote took place on 28 July 2021.

## **CMP368 - Assessment of the Original and WACM1 to WACM19 vs Baseline**

The Workgroup by majority concluded that the Original, WACM7, WACM17, WACM18 and WACM19 better facilitated the applicable objectives than the current CUSC.

## **CMP369 - Assessment of the Original vs Baseline**

The Workgroup concluded unanimously that the Original better facilitated the Applicable Objectives than the Baseline.

# CMP368 & 369 Terms of Reference

- The Workgroup conclude that they have met their Terms of Reference and the references can be located below:

Workgroup Term of Reference	Location in Workgroup Report
a) Consider EBGL implications	No impact.
b) Consider ESO's proposed Definition changes and consequential charging changes and whether this aligns with the Authority's decision on 17 December 2020, the Competition Markets Authority decision on 30 March 2021 and the Limiting Regulation.	Workgroup Considerations section
c) Consider the transparency of compliance with Regulation 838/2010 (the Limiting Regulation)	Workgroup Considerations section

# CMP368 & CMP369 Timeline

Milestone	Date
Code Administrator Consultation	10 August 2021 – 1 September 2021
Draft Final Modification Report (DFMR) issued to Panel (Special Panel)	6 September 2021
Panel undertake DFMR recommendation vote (Special Panel)	14 September 2021
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	15 September 2021
Final Modification Report issued to Ofgem	23 September 2021
Ofgem decision	By 28 October 2021
Implementation Date	1 April 2022

# CMP368 & CMP369 - the asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the CUSC
- **NOTE** the ongoing timeline