

CMP239 'Grandfathering Arrangements for the Small Generator Discount'



CUSC Panel – 26th June 2015
Jade Clarke - Code Administrator

Background

- Standard Licence Condition C13 requires National Grid Electricity Transmission to discount TNUoS charges for eligible generators by a designated amount and to recover the shortfall this creates from demand users on a non-locational basis.
- This discount applies to sub-100MW generators connected at 132kV in Scotland and in offshore waters.
- The Licence Condition was introduced in 2005 following the implementation of BETTA, its expiry has since been extended to 31 March 2016.

Proposed CUSC Modification

- CMP239 was proposed by Fred.Olsen Renewables and was submitted to the CUSC Modifications Panel for their consideration on 31st October 2014.
- CMP239 seeks to implement grandfathering arrangements in the CUSC from the expiry of Licence Condition C13 on 31 March 2016.
- The proposed arrangements would apply to those generators that currently receive the small generator discount and to those connecting before 31 March 2016 that would be eligible.
- The proposal seeks to ensure that these generators continue to receive the discount until a specific time.

Workgroup Consultation

- 12 responses received
- Split view on grandfathering arrangements

Workgroup Vote

- Original and 3 WACMs proposed

Original

- End date of 25 years from 1st April 2016 for new generators connecting ahead of this date. Existing generators 25 years from their commissioning date. Discount remains as it is, 25% of residual for the applicable year

WACM1

- Original plus an Independent Technical Expert would validate that the generator had made a 'Significant Investment decision' and this will be the start of the 25 years. Refurbishment date ahead of 1st April 2016.

Workgroup Vote

WACM2

- Original plus if 132kV gets classified as Distribution in Scotland ahead of the 25 years then the discount would stop.

WACM3

- This is a combination of WACM1 and WACM2. There would be an ITE validating the 'Significant Investment decision' and should 132kV get classified as Distribution the discount would stop.
- 8 Workgroup Members voted
- The Workgroup vote was split 50/50 for the Baseline and WACM3 being the best option in facilitating the Applicable CUSC Objectives.

Code Administrator Consultation

- Closed on 22nd May
- 5 responses
- Majority not supportive of proposal

National Grids view

- National Grid does not support either the Original Proposal or any of the WACMs. The expiry of SLC 13 has been public knowledge since it was implemented.

Questions before Panel Vote?



Panel Recommendation Vote

- a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
- b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 (Requirements of a connect and manage connection)
- c) That, so far is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses.
- d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Proposed Timetable

26 June 2015	Panel vote
29 June 2015	Issue FMR for final comment
6 July 2015	Deadline for comments
9 July 2015	Final Report sent to Authority for decision
13 August 2015	Indicative 25 day KPI for decision
27 August 2015	CMP239 Implemented (if approved)