

# **CMP255 'Revised definition of the upper limit of Generation Charges in the charging methodology with removal of the reference to the 27% charging cap'**



CUSC Panel – 27<sup>th</sup> November 2015  
Bill Reed

## Background

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- CUSC Modification Proposal P224 applied the European Commission Regulation 838/2010 the 2.5 Euros/MWh cap to the CUSC
- If European Commission Regulation 838/2010 no longer applies the proportion of charges paid by generators would revert back to 27%

## Summary of defect

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- A reversion to the 27% allocation of transmission costs to generation in TNUoS charges would result in a material increase in costs attributed to generation without any appropriate lead time
- P255 aims to mitigate this risk for GB generators

## Proposed CUSC Modification

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- It is proposed that, if limits to generation charges imposed by European Commission Regulations no longer apply, the requirement for generation allocation of costs to revert to 27% should be removed.
- The current limit of 2.5 Euros/MWh should remain until a new limit can be agreed and implemented by means of a CUSC modification.
- This will ensure that whatever limit succeeds the current CA Pec value is appropriate at the time, is agreed by all affected parties and has a suitable implementation period

# Justification against Applicable CUSC Objectives

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- The current legal drafting of CMP224 creates uncertainty associated with the level of cost recovery associated with Generation charges. In particular the linkage to European Commission Regulation (EU) No. 838/2010 (the Regulation) or “any subsequent regulation” creates uncertainty and risk in the CUSC about the level of generation charges.
- The proposed modification will improve stability of generation charges, ensure that any future change to the generation charges cap will be subject to a further modification and will result in generation charges that are not conditional on external circumstances.
- Overall the proposed modification will reduce risk for generators and costs for customers. Consequently the modification would better meet Objective (a).

## CMP255 Progression

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- The Panel is asked to agree:
  - whether CMP255 should be progressed through Self-governance?
  - how to progress CMP255
    - Workgroup
    - Code Administrator Consultation

## CMP255 Indicative timetable (Workgroup)

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<b>4<sup>th</sup> December 2015</b>	Deadline for comments on Terms of Reference / nominations for Workgroup membership
<b>W/C 14<sup>th</sup> December 2015</b>	Workgroup meeting 1
<b>W/C 11<sup>th</sup> January 2016</b>	Workgroup meeting 2
<b>18<sup>th</sup> January 2016</b>	Workgroup consultation issued for Workgroup comment
<b>25<sup>th</sup> January 2015</b>	Deadline for comment
<b>27<sup>th</sup> January 2016</b>	Workgroup Consultation published (15 Working days)
<b>17<sup>th</sup> February 2016</b>	Deadline for responses
<b>23<sup>rd</sup> February 2016</b>	Workgroup meeting 3
<b>29<sup>th</sup> February 2016</b>	Circulate draft Workgroup Report
<b>7<sup>th</sup> March 2016</b>	Deadline for comment
<b>10<sup>th</sup> March 2016</b>	Submit final Workgroup Report to Panel
<b>18<sup>th</sup> March 2016</b>	Present Workgroup Report at CUSC Modifications Panel

## CMP255 Indicative timetable (Workgroup)

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<b>22<sup>nd</sup> March 2016</b>	Code Administrator Consultation issued (15 Working days)
<b>12<sup>th</sup> April 2016</b>	Deadline for responses
<b>14<sup>th</sup> April 2016</b>	Draft CUSC Modification Report issued for Industry comment (2 Working days)
<b>18<sup>th</sup> April 2016</b>	Deadline for comment
<b>21<sup>st</sup> April 2016</b>	Draft CUSC Modification Report issued to CUSC Panel
<b>29<sup>th</sup> April 2016</b>	CUSC Panel recommendation vote
<b>4<sup>th</sup> May 2016</b>	Draft FMR circulated for comment
<b>12<sup>th</sup> May 2016</b>	Deadline for responses
<b>15<sup>th</sup> May 2016</b>	Final CUSC Modification Report sent to Authority