

**CMP264: 'Embedded Generation Triad Avoidance Standstill'**

**CMP265: 'Gross charging of TNUoS for HH demand where Embedded Generation is in the Capacity Market'**

**CMP269 'Potential consequential changes to the CUSC as a result of CMP264'**

**CMP270 'Potential consequential changes to the CUSC as a result of CMP265'**



CUSC Panel – 23 November 2016

John Martin – National Grid

## Background – CMP264

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- CMP264 was raised by Scottish Power and was submitted to the CUSC Modifications Panel for its consideration on 27 May 2016
- CMP264 seeks to change the Transport and Tariff Model and billing arrangements to remove the netting of output from those New Embedded Generators who export on to the system, when determining liability for locational and wider HH demand TNUoS charges

## Background – CMP265

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- CMP265 was raised by EDF and was submitted to the CUSC Modifications Panel for its consideration on 27 May 2016
- CMP265 seeks to change the Transport and Tariff Model and billing arrangements to remove the netting of output from those embedded generators who are in the Capacity Market and export on to the distribution network, when determining liability for the residual HH demand TNUoS charges

## Background – CMP269/CMP270

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- CMP269 was raised by Scottish Power and was submitted to the CUSC Modifications Panel for its consideration on 26 August 2016
- CMP270 was raised by EDF and was submitted to the CUSC Modifications Panel for its consideration on 26 August 2016
- CMP269 and CMP270 have been raised as consequential Modifications to CMP264/265 to facilitate amendments to Section 11 of the CUSC if either the Modification or WACM was approved
- The CUSC Panel agreed that CMP269/270 would be aligned with CMP264/265

## Workgroup Consultation – CMP264/265

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- **47** responses were received to the Consultation for **CMP264** and were considered by the Workgroup.
- **Six of the 47** respondents supported the proposal (including a response from the Proposer's organisation) and believed it did better meet Objective (a). In addition two respondents were unable to confirm if they believed it did or not as there wasn't enough analysis provided to make this decision.
- **46** responses were received to the Consultation for **CMP265** and were considered by the Workgroup.
- **Seven of the 46** respondents supported the proposal (including a response from the Proposer's organisation) and believed it did better meet Objective (a). In addition three respondents were unable to confirm if they believed it did or not as there wasn't enough analysis provided to make this decision.
- The respondents highlighted that both Proposals fail to address the wider issues associated with the defect for existing generators and also introduces discriminatory treatment between new and existing generation. There were also views raised about the accelerated timescales and that a partial and potentially discriminatory solution may result in creating more uncertainty into the electricity market and that a far wider review would be a more prudent approach

## WACMs

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- For CMP264 (CMP269):
  - 8 WACMs were agreed by the Workgroup
  - 15 WACMs were retained by the Workgroup Chair as these were better than the baseline, facilitated the CUSC charging objective (a) and reflected the composition of the Workgroup and the variety of views
- For CMP265 (CMP270):
  - 4 WACMs were agreed by the Workgroup
  - 14 WACMs were retained by the Workgroup Chair as these were better than the baseline, facilitated the CUSC charging objective (a) and reflected the composition of the Workgroup and the variety of views

## WG voting

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- For CMP264 (CMP269) none of the 22 Workgroup members that voted considered that the Original proposal better facilitated the Applicable CUSC Objectives. WACM 3 received four votes that it better facilitated the Applicable CUSC Objectives followed by the baseline and WACM 8 receiving three votes respectively as the preferred option
- For CMP265 (CMP270) one Workgroup member voted that the Original proposal better facilitated the Applicable CUSC Objectives, for WACM 10 four Workgroup members voted it as better facilitating the Applicable CUSC Objectives followed by the baseline, WACM 3 and WACM 8 receiving three votes respectively as the best option

# CMP264 Voting record

WACM Ref	WACM Proposer	Vote by WG as best option		WACM Ref	WACM Proposer	Vote by WG as best option
Original	Scottish Power	0		WACM 13	UKPR	0
WACM 1	Centrica B	1		WACM 14	UKPR	0
WACM 2	National Grid	0		WACM 15	UKPR	1
WACM 3	Uniper	4		WACM 16	UKPR	0
WACM 4	SSE	0		WACM 17	UKPR	0
WACM 5	SSE	1		WACM 18	UKPR	0
WACM 6	National Grid	1		WACM 19	SP	2
WACM 7	National Grid	0		WACM 20	Alkane	
WACM 8	ADE	3		WACM 21	Alkane	1
WACM 9	Infinis	1		WACM 22	ADE	
WACM 10	Greenfrog	2		WACM 23	Infinis B	
WACM 11	Eider	1		Baseline		3
WACM 12	UKPR	0		Abstained		1



# CMP265 Voting record

WACM Ref	WACM Proposer	Vote by WG as best option		WACM Ref	WACM Proposer	Vote by WG as best option
Original	EDF Energy	1		WACM 11	Eider	1
WACM 1	Centrica	1		WACM 12	UKPR	0
WACM 2	National Grid	0		WACM 13	UKPR	0
WACM 3	Uniper	3		WACM 14	UKPR	0
WACM 4	SSE	1		WACM 15	UKPR	1
WACM 5	SSE	1		WACM 16	UKPR	0
WACM 6	National Grid	1		WACM 17	UKPR	0
WACM 7	National Grid	0		WACM 18	UKPR	0
WACM 8	ADE	3		Baseline		3
WACM 9	Infinis	1		Abstention		1
WACM 10	Greenfrog	4				

# Workgroup Conclusions – CMP264 ToR

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Specific area	Location in the report
a) The Workgroup should consider whether, on the balance of probabilities, the current level of embedded generation triad avoidance benefit significantly exceeds the actual avoided transmission investment cost, whether this causes a distortion in competition, and whether the proposed temporary removal of such benefits (pending the outcome and implementation of Ofgem's considerations) would better meet the code objectives.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.
b) The Workgroup should not attempt to resolve the issue of what the most appropriate charging arrangements should be on an enduring basis, as this will be the subject of Ofgem's considerations. .	The Workgroup did not consider the issue of what the most appropriate charging arrangements should be.
c) The Workgroup should consider the definition of and criteria for the "disapplication date" in the proposed solution, i.e. the date on which the modification would cease to have effect.	N/A as the Proposer removed disapplication date. Refer to section 3.9

## Workgroup Conclusions – CMP264 ToR cont.

Specific area	Location in the report
d) The Workgroup should consider whether the Workgroup's conclusions would be materially impacted by the length of time between implementation and the "disapplication date".	N/A as the Proposer removed disapplication date. Refer to section 3.9
e) The Workgroup should consider consumer impacts resulting from the proposal.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.
f) Consider any link to the Balancing and Settlement Code with particular focus on timescales of any changes.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis. The BSC Modification P348 and P349 Workgroups shared a number of Workgroup members with CMP264/265. In addition a BSC representative attended CMP264/265 as an observer.
g) Consider any link to EMR Settlements metering with particular focus on timescales of any changes.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.

**Proposed legal text agreed by the sub-workgroup**

# Workgroup Conclusions – CMP265 ToR

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Specific area	Location in the report
a) This Workgroup should not focus on transmissions connected generators in negative zones.	The Workgroup did not consider the issue of transmission connected generators in negative zones.
b) The Workgroup should not look to amend the existing Capacity Mechanism.	The Workgroup did not consider amending the existing Capacity Mechanism.
c) The Workgroup should consider all Embedded Generation with Capacity Market contracts directly or indirectly.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.
d) The Workgroup should consider consumer impacts resulting from the proposal.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.

# Workgroup Conclusions – CMP265 ToR cont.

Specific area	Location in the report
e) The Workgroup should consider whether, on the balance of probabilities, the current level of embedded generation triad avoidance benefit significantly exceeds the actual avoided transmission investment cost, whether this causes a distortion in competition, and whether the removal of such benefits (pending the outcome and implementation of Ofgem's considerations) would better meet the code objectives.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.
f) Consider any link to the Balancing and Settlement Code with particular focus on timescales of any changes.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis. The BSC Modification P348 and P349 Workgroups shared a number of Workgroup members with CMP264/265. In addition a BSC representative attended CMP264/265 as an observer.
g) Consider any link to EMR Settlements metering with particular focus on timescales of any changes.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.

**Proposed legal text agreed by the sub-workgroup**

## Proposed CUSC Modification

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- CMP264 and CMP265 Proposals seeks to amend;
  - CUSC Section 14 – Charging Methodology
- CMP269 and CMP270 Proposals seeks to amend;
  - CUSC Section 11 – Charging Methodology

# Code Administrator Conclusions CMP264

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- CMP264: **30** responses were received to the Code Administrator Consultation
  - **14** respondents preferred the baseline
  - **4** respondents preferred the baseline but indicated a variety of WACMs that would support if a change had to be made
  - **3** supported the Original Proposal
  - **8** supported a variety of WACMs
  - **1** respondent did not make clear which was the preferred option.
- All responses had opposing views.
  - Majority raised concerns with the amount of analysis the Workgroup could perform in timescales given and the length of time to review Code Administrator Consultation and associated volumes and legal text. General support for a wider and holistic review to be undertaken by Ofgem
  - **4** respondents considers that they shouldn't be a delay in implementing any changes

## Code Administrator Conclusions CMP265

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- CMP265: **29** responses were received to the Code Administrator Consultation
  - **15** respondents preferred the baseline
  - **2** respondents preferred the baseline but indicated a variety of WAMCs that would support if a change had to be made
  - **3** supported the Original Proposal
  - **8** supported a variety of WACMs
  - **1** respondent did not make clear which was the preferred option.
- All responses had opposing views.
  - Majority raised concerns with the amount of analysis the Workgroup could perform in timescales given and the length of time to review Code Administrator Consultation and associated volumes and legal text. General support for a wider and holistic review to be undertaken by Ofgem
  - **4** respondents considers that they shouldn't be a delay in implementing any changes



## Code Administrator Conclusions

### CMP269 and CMP270

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- CMP269: **11** responses were received to the Code Administrator Consultation
- CMP270: **11** responses were received to the Code Administrator Consultation
- As these Modifications are enabling Modifications the information replicated what was voted for CMP264 and CMP265

## Questions before Panel Vote?



# The Applicable CUSC objectives for CMP264 and CMP265

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- 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 as 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; and
- d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1.
- e) Promoting efficiency in the implementation and administration of the system charging methodology

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

# The Applicable CUSC objectives for CMP269 and CMP270 are:

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- a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission License
- 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
- d) Promoting efficiency in the implementation and administration of the system charging methodology (Note this is a new objective that will be introduced under CGR3)

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

## Proposed Timetable

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<b>23 November 2016</b>	<b>Panel Recommendation Vote</b>
<b>23 November 2016</b>	<b>Final FMR circulated for Panel comment</b>
<b>25 November 2016</b>	<b>Deadline for Panel comment</b>
<b>28 November 2016</b>	<b>Final report sent to Authority for decision</b>
<b>12 December 2016</b>	<b>Indicative Authority Decision due</b>
<b>19 December 2016</b>	<b>Implementation Date</b>