

# STC Amendment Proposal Form

CA045

## **1. Title of Amendment Proposal**

Arrangements for User Commitment

## **2. Description of the Proposed Amendment (mandatory field)**

### **Background:**

This Amendment Proposal is being raised a consequential change to CUSC Modification Proposal CMP192 – Arrangements for Enduring Generation User Commitment which seeks to add a new section to the CUSC to replace the existing methodology used to determine a generator's financial liabilities in relation to the provision of new or additional capacity.

CMP192 Background: As adding or removing generation from the system has an equal and opposite effect on the need for network capacity, both pre- and post-commissioning power stations affect decisions on new transmission investment. Whilst the cancellation of a pre-commissioning power station could affect local and wider investment decisions, the closure of a post-commissioning power station will only affect new wider investment decisions. Therefore, CMP192 proposes that the Generator User Commitment liabilities are calculated using two terms; 1), a Cancellation Amount for pre-commissioning power stations that takes account of transmission investment for local and wider works; and 2) a Closure Amount for post-commissioning power stations that takes account of the investment for wider works. Under CMP192 there are eight main aspects that the enduring solution must take into account in determining the nature and level of Cancellation and Closure liabilities and the reasonable level of securities required against these liabilities:

1. Protecting the end consumer from undue risk
2. Minimum notice period required to alter TO investment before significant costs are incurred
3. Profile of TO investment costs
4. Likelihood of power stations either cancelling or closing
5. Total Value at Risk (VAR)
6. Level of transmission capacity sharing between power stations
7. Proportion of TO investment not at risk due to Connect & Manage regime
8. Level of transmission asset reuse

The consequence of a power station cancelling or closing is that Transmission Owner (TO) investment could be spent unnecessarily. The current and interim arrangements for User Commitment assume that a user's liability is proportional to the cost of this unnecessary investment (or a generic proxy for the cost).

Timescales: CMP192 was raised in February 2011 and the final CUSC Modification Report is due to be sent to the Authority on 22 November 2011. It is expected that Ofgem will carry out an impact assessment. The anticipated implementation date is April 2012, with a subsequent transition period and an anticipated 'go-live' date of April 2013.

Impact on STC: Changing the User Commitment regime will result in the need to share more information with the TOs, this includes the requirement for the TOs to provide capital expenditure data to NGET every year, for the current year plus a three year forecast.

There will also be a requirement for the TOs to provide project information on a 6 monthly basis

**3. Description of Issue or Defect that Proposed Amendment seeks to Address**

*(mandatory field)*

Requirements to provide new data exchange obligations as a result of CMP192 are not currently specified in the STC.

**4. Impact on the STC** *(information should be given where possible)*

Changes may be required to:

- Section D – Planning Co-ordination
- Section E – Payments and Billing
- Section J – Interpretations and Definitions
- Schedule 3 Information and Data Exchange Specifications
- Schedule 8 – TO Construction Offers
- Schedule 9 – TO Construction Terms
- Schedule 10 - Charges
- STCP 13.1 – Invoicing and Payment
- STCP 14.1 - Data Exchange for Charge Setting
- STCP 18.1 – Connection and Modification Application

**5. Impact on other frameworks e.g. BSC, CUSC, Grid Code** *(information should be given where possible)*

None

**6. Impact on Core Industry Documentation** *(information should be given where possible)*

None

**7. Impact on Computer Systems and Processes used by STC Parties** *(information should be given where possible)*

**8. Details of any Related Modifications to Other Industry Codes** *(where known)*

CMP192 – Arrangements for Enduring Generation User Commitment

**9. Justification for Proposed Amendment with Reference to Applicable STC Objectives (mandatory field)**

Amending the STC as described above will mean that the following objectives are better facilitated:

STC Objectives

- (a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act;

*Better facilitate by enabling better planning and development of the transmission system in a more effective manner, supporting the duties under the Act and the requirements of the licence (C17).*

- (c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity;

*Better facilitate by having open governance whereby more information on future connection to the system is provided.*

<b>Details of Proposer</b> Organisation's Name	National Grid Electricity Transmission plc
Capacity in which the Amendment is being proposed (i.e. STC Party or other Party as designated by the Authority pursuant to STC section B7.2.2.1 (b))	STC Party
<b>Details of Proposer's Representative</b> Name Organisation Telephone Number Email Address	Emma Clark National Grid Electricity Transmission plc 01926 655223 <a href="mailto:Emma.clark@uk.ngrid.com">Emma.clark@uk.ngrid.com</a>
<b>Details of Representative's Alternate</b> Name Organisation Telephone Number Email Address	Tom Derry National Grid Electricity Transmission plc 01926 654208 <a href="mailto:Thomas.derry@uk.ngrid.com">Thomas.derry@uk.ngrid.com</a>
<b>Attachments (Yes/No):</b>	

**Notes:**

- Those wishing to propose an Amendment to the STC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 7.2 of the STC.
- The Committee Secretary will check that the form has been completed, in accordance with the requirements of the STC, prior to submitting it to the Committee. If the Committee Secretary accepts the Amendment Proposal form as complete, then she/he will write back to the Proposer informing them of the reference number for the Amendment Proposal and the date on which the Committee will consider the Proposal. If, in the opinion of the Committee Secretary, the form fails to provide the information required in the STC, then he/she may reject the Proposal. The Committee

Secretary will inform the Proposer of the rejection and report the matter to the Committee at their next meeting. The Committee can reverse the Committee Secretary's decision and if this happens the Committee Secretary will inform the Proposer.

The completed form should be returned to:

Lucy Hudson  
STC Committee Secretary  
Regulatory Frameworks  
National Grid  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick, CV34 6DA

Or via e-mail to: [Lucy.Hudson@uk.ngrid.com](mailto:Lucy.Hudson@uk.ngrid.com)