nationalgrid

Stage 01: Code Administrator Consultation (Self-Governance)

Connection and Use of System Code

CMP258

'Rewording of the legal text to align the CUSC with the intentions of CMP235/6'

What stage is this document at?

Code Administrator Consultation

03 Final CUSC Modification Report

CMP253 seeks to make minor amendments to the CUSC legal text so that it reflects the true intentions of the implemented modification CMP235/6.

Published on: 5th January 2016 Length of Consultation: 15 Working days Responses by: 26th January 2016



National Grid's opinion:

CMP258 better facilitates Applicable CUSC Objectives (a) and (b) and therefore should be implemented.



Low Impact:

CUSC Parties, BSC Parties, National Grid Electricity Transmission PLC

Contents

1	Summary	3
2	Background	5
3	Modification Proposal	7
4	Proposed Implementation and Transition	8
5	Impacts	9
6	The Case for Change	10
7	Responses	11
An	nex 1 – CMP253 CUSC Modification Proposal Form	12
An	nex 2 – Self Governance Statement	20
An	nex 3 – Draft Legal text	22



Any Questions?

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Proposer:

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About this document

The purpose of this document is to consult on CMP258 with CUSC Parties and other interested industry members. Representations received in response to this consultation document will be included in the Code Administrator's CUSC Modification Report that will be furnished to the CUSC Panel for their decision. Parties are requested to respond by **5pm** on **26**th **January 2016** to cusc.team@nationalgrid.com using the Code Administrator Consultation Response Pro-forma which can be found via the following link:

http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP258/

Document Control

Version	Date	Author	Change Reference
1.0	5 th January 2015	Code Administrator	Code Administrator
			Consultation to Industry

- 1.1 This document describes the CMP258 CUSC Modification Proposal and seeks views from Industry members relating to the Proposal.
- 1.2 CMP258 was proposed by National Grid Electricity Transmission and submitted to the CUSC Modifications Panel for their consideration on 18th December 2015. A copy of this Proposal is provided in Annex 1. The Panel decided that this Modification should be classed as Self-Governance and should proceed directly to Code Administrator Consultation for 15 Working-Days.
- 1.3 The current wording in section 11 of the CUSC may result in an Interruption which should be classed as Relevant under the new arrangements introduced under CMP235/6, not being classed as relevant and not paid. CMP258 seeks to ensure that the CUSC Legal text aligns with the intentions of CMP235/6.
- 1.4 This Code Administrator Consultation has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid Website, http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP258/, along with the CUSC Modification Proposal Form.

National Grid's Initial view

- 1.5 National Grid believes CMP258 should be implemented as it proposes to reword the legal text so that it aligns with the true intentions of CMP235/6 removing risk and uncertainty.
- 1.6 National Grid is obliged to comply with Modification Proposals approved by the Authority and the CUSC. Where the two do not align as intended then this leads to inefficiency and uncertainty within the Industry. By removing the grey areas within the current wording this gives Generators confidence that they will receive payments (as agreed and expected), for when they cannot access the grid through no fault of their own, thus aligning the services with what they have paid for, and helping keep actual costs aligned with forecasted costs thus improving competition.
- 1.7 CMP258 is not seeking to change anything which has not already been consulted on and approved by Ofgem, and will therefore align it to the baseline. An argument can be made that this Modification has a material effect but only when compared to the potential unintended consequences of the current wording, not when compared to the intention of CMP235/6.
- 1.8 It was recognised as part of CMP235/236 that it is uneconomical to self-disconnect Generating Units due to the Deenergisation of a Station Transformer(s) as the Interruption Payment was not designed to cover the overall costs to a Generator of being Interrupted. To create a matrix in each BCA specifically defining the relationship and running arrangements between a Generating Unit and Station Transformer would only be necessary if Industry felt the above was not in fact correct. Therefore it would be inefficient to change all BCA's so that the detailed relationship between Station Transformers and Generating Units is specifically defined, and would provide no benefit to Industry Users, whilst being a lengthy administrative exercise on all affected parties. This does not remove the requirement that all Import and Export BMU's need to be included in Appendix C for the purposes of Interruption Payments thus showing an overall relationship.
- 1.9 The key thing to take into account when considering the impact of this modification proposal is that it will not increase Relevant Interruption claims over and above what was analysed and expected as part of CMP235/236 and the decision to implement it. It will ensure that Interruptions which were expected to be classed as Relevant and thus receive an Interruption Payment will do so in future. If a Station Transformer (Import

- BMU) is Deenergised and does not cause the full Deenergisation of an Import BMU then this will continue to not receive an Interruption payment.
- 1.10 There are alternatives available to partially remediate the misalignment of the legal text to the BCA's as described in 3.3, however it is far more efficient and timely for all industry participants, to alter the wording within the CUSC rather than undertake this alternative.

- 2.1 Following the implementation of CMP235/6 it has been noted by some customers that they are at risk of missing out on Interruption payments in certain situations. The current wording in Section 11 of the CUSC may result in an Interruption which should be classed as Relevant and therefore receive an Interruption payment as intended under CMP235/6, being refused.
- 2.2 A previous modification (CMP253) was raised to change the current wording of the legal text to reflect the intention of CMP235/6, however following feedback from the Code Administrator Consultation and discussions with various parties, the proposer decided to withdraw CMP253 and submit a new modification (CMP258) with changes to the proposal.
- 2.3 (CMP253) sought to change the legal text to allow partial Deenergisation of an Import BMU (where the Import BMU contained more than one Station to Transformer) for the purposes of Relevant Interruption claims. Following feedback and extensive discussions with industry parties, that proposed change within (CMP253) has not been included in this modification.
- 2.4 The definition of an **Associated Export BM Unit** is;

an **Export BM Unit** where:

- (i) that **Export BM Unit** and an **Import BM Unit** are comprised in the **User's Equipment** are both registered as being associated with each other in respect of and listed (in the case of the **Import BM Unit** being referred to as a "Station BM Unit") in **Appendix C** of the same **Bilateral Connection Agreement**; and
- 2.5 Within the definition above it states "(in the case of the Import BM Unit being referred to as a "Station BM Unit") in Appendix C of the same Bilateral Connection Agreement;". The legal text for CMP235/6 was written with the intention of aligning it with the latest Appendix C in the schedules within the CUSC. However, not all Import BM Units are referred to as "Station BM Units" within Appendix C of the BCA's with no obvious standard naming convention consistently applied, as there was never the need to do so prior to the implementation of CMP235/6. The above legal text implies that if the Import BM Unit is not specifically named as a "Station BM Unit" within Appendix C this may lead to instances where Relevant Interruptions under the intention of CMP235/6 do not lead to a payment when it should do. The text in brackets is therefore unnecessary and does not need to be as specific, as being so specific causes the issues referred to above. The Import and Export BMU's will still need to be named within the same Appendix C thus establishing a relationship.
- 2.6 Additionally, in the definition of an Associated Export BM Unit there is the line of legal text "are both registered as being associated with each other in respect of and listed". There are differing interpretations of what is required by being registered as being associated with each other. One interpretation is an extra requirement on Generators to alter their BCA's and specifically link Station Transformers with the Generating Units dependent on the supply from that Station Transformer. As BCA's don't currently contain this matrix then all BCA's for Generators with Station Transformers will need to be altered. However if the above interpretation is not what is intended then this will prevent the need to alter BCA's.
- 2.7 In Ofgem's decision letter for CMP235/6, Ofgem state; "We acknowledge the concerns on potential connection design shortfalls, but we consider that design criteria relating to generation connections should be considered, within the appropriate design frameworks

and not the CUSC. The CUSC outlines commercial arrangements, whereas design of generators and generator connections should be addressed in planning and operational forums, such as the Grid Code or SQSS". If changes are subsequently made to the Grid Code or SQSS with regards to the above then the CUSC should be changed to reflect this but not until then. Therefore, although the ultimate intention may be to reflect these design frameworks within the CUSC and explicitly state the relationship between Generating Units and Station Transformers and running arrangements, until or if these changes are made, then the CUSC precedes any changes and is unenforceable.

3 Modification Proposal

- 3.1 CMP258 seeks to change the definition of an "Associated Export BM Unit" within Section 11 to remove the reference to "Station BM Unit" to allow for the variances of the naming of Import BM Units in the BCA's, and remove the uncertainty over what is required by the wording "are both registered as being associated with each other in respect of and listed"
- 3.2 Within the legal text, the removal of "in respect of and" and insertion of "by being" maintains the need to show that there is a relationship between the Import and Export BMU's for an Interruption claim to be valid whilst deleting the need to specifically state and define the relationship between each Generating Unit (Export BMU) and Station Transformer (Import BMU). The draft legal text is as illustrated within Annex 3 of this document.
- 3.3 The alternative to not make a simple change to the legal text through this modification proposal, would be to work with all affected Generators to change their BCA's to align them with the legal text. As well as altering BCA's we would be required to update "Schedule 2 Exhibit 1 Bilateral Connection Agreement -v1.8" within the CUSC to also align this with the legal text to avoid misalignments with any new BCA's and the CUSC.
- 3.4 Please note that this proposal only affects those Generators who have Generation which is dependent on Supplies from The National Electricity Transmission System.

4 Proposed Implementation and Transition

4.1 If approved, the Code Administrator proposes that CMP258 should be implemented 1 Working day after the appeals window closes (if approved by the CUSC Modifications Panel).

5 Impacts

Impact on the CUSC

5.1 Changes to Section 11.

Impact on Greenhouse Gas Emissions

5.2 None identified.

Impact on Core Industry Documents

5.3 None identified.

Impact on other Industry Documents

5.4 None identified.

Applicable CUSC Objectives

- 6.1 For reference, the Applicable CUSC Objectives, as defined in the Transmission Licence are:
 - a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence.
 - 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.

National Grid's view

- 6.2 National Grid believes this modification better meets the applicable CUSC objectives listed above as stated below
 - National Grid is obliged to comply with Modification Proposals approved by the Authority and the CUSC. Where the two do not align as intended then this to inefficiency.
 - b) Generators pay TNUoS charges to access the National Electricity Transmission System. These costs end up in the final energy cost. By removing the grey areas within the current wording this gives Generators confidence that they will receive payments (as agreed and expected) for when they cannot access the grid through no fault of their own, thus aligning the service with that they have paid for, and helping keep aligned actual costs with forecasted costs thus improving competition.

7 Responses

- 7.1 If you wish to respond to this Code Administrator Consultation, please use the response proforma which can be found under the 'Industry Consultation' under the following link; http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP258/
- 7.2 Responses are invited to the following questions;
 - Q1: Do you believe that CMP258 better facilitates the Applicable CUSC Objectives? Please include your reasoning
 - Q2: Do you support the proposed implementation approach?
 - Q3: Do you have any other comments?
- 7.3 Views are invited upon the proposal outlined within this report. Please submit your formal response to cusc.team@nationalgrid.com by **5pm** on **26**th **January 2016**.
- 7.4 If you wish to submit a confidential response, please note that information provided in response to this consultation will be published on National Grid's website unless the response is clearly marked "Private & Confidential", we will contact you to establish the extent of the confidentiality. A response marked "Private & Confidential" will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the CUSC Modifications Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.
- 7.5 Please note an automatic confidentiality disclaimer generated by your IT System will not in itself, mean that your response is treated as if it had been marked "Private and Confidential".

Annex 1	- CMP258	CUSC Mod	lification Pr	oposal Form
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CUSC Modification Proposal Form CMP258



Connection and Use of System Code (CUSC)

Title of the CUSC Modification Proposal

Rewording of the legal text to align the CUSC with the intentions of CMP235/6

Submission Date

10th December 2015.

Description of the Issue or Defect that the CUSC Modification Proposal seeks to address

The current wording in section 11 of the CUSC may result in an Interruption which should be classed as Relevant and therefore receive an Interruption payment as intended under CMP235/6, being refused.

The definition of an Associated Export BM Unit is;

an **Export BM Unit** where:

(i) that Export BM Unit and an Import BM Unit are comprised in the User's Equipment are both registered as being associated with each other in respect of and listed (in the case of the Import BM Unit being referred to as a "Station BM Unit") in Appendix C of the same Bilateral Connection Agreement; and

Within the definition above it states "(in the case of the Import BM Unit being referred to as a "Station BM Unit") in Appendix C of the same Bilateral Connection Agreement; "

The legal text for CMP235/236 was written with the intention of aligning it with the latest Appendix C in the schedules within the CUSC. However not all Import BM Units are referred to as "Station BM Unit's" within Appendix C of the BCA's with no obvious standard naming convention consistently applied, as there was never the need to do so prior to the implementation of CMP235/236. The above legal text implies that if the Import BM Unit is not specifically referred to as a "Station BM Unit" within Appendix C this may lead to instances where Relevant Interruptions under the intention of CMP236 do not lead to a payment when it should do. The text is brackets is therefore superfluous and does not need to be as specific.

Additionally the current legal text "are both registered as being associated with each other in respect of and listed" implies an extra requirement on Generators to link Station Transformers with the Generating Units dependent on the supply from that Station Transformers.

In Ofgem's decision letter for CMP235/236, Ofgem state. "We acknowledge the concerns on potential connection design shortfalls, but we consider that design criteria relating to generation connections should be considered within the appropriate design frameworks and not the CUSC. The CUSC outlines commercial arrangements, whereas design of generators and generator connections should be addressed in planning and operational forums, such as the Grid Code or SQSS".

If changes are subsequently made to the Grid Code or SQSS with regards to the above then the CUSC should be changed to reflect this but not until then

Therefore although the ultimate intention may to be reflect these design frameworks within the CUSC and explicitly state the relationship between Generating Units and Station Transformers and running arrangements, until or if these changes are made, then the CUSC precedes any changes and is unenforceable.

Description of the CUSC Modification Proposal

This proposal seeks to change the description of an "Associated Export BM Unit" within section 11 to remove the reference to "Station BM Unit" in the description to allow for the variances of the naming of Import BM Units in the BCA's. The proposed legal text is as below, which still retains the intent but removes any ambiguity.

The definition of an Associated Export BM Unit is;

an **Export BM Unit** where:

(i) that Export BM Unit and an Import BM Unit are comprised in the User's Equipment are both registered as being associated with each other in respect of and by being listed (in the case of the Import BM Unit being referred to as a "Station BM Unit") in Appendix C of the same Bilateral Connection Agreement; and

It is possible to search the BM Unit to work out whether or not the BMU is an Import or Export BMU, therefore the wording in brackets is unnecessary.

By removing "in respect of and" and inserting "by being" this maintains the need to show that there is a relationship between the Import and Export BMU's for an Interruption claim to be valid.

Impact on the CUSC

Section 11

Do you believe the CUSC Modification Proposal will have a material impact on **Greenhouse Gas Emissions? Yes / No** Include your view as to whether this Proposal has a quantifiable impact on greenhouse gas emissions. If yes, please state what you believe that the impact will be. You can find guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions on the Ofgem's website: http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=196&refer=Licensing/IndCodes/Governance Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information **BSC** Grid Code STC Other (please specify) This is an optional section. You should select any Codes or state Industry Documents which may be affected by this Proposal and, where possible, how they will be affected. **Urgency Recommended:** No **Justification for Urgency Recommendation** If you have answered yes above, please describe why this Modification should be treated as Urgent. An Urgent Modification Proposal should be linked to an imminent issue or a current issue that if not urgently addressed may cause: a) A significant commercial impact on parties, consumers or other stakeholder(s); or b) A significant impact on the safety and security of the electricity and/or has systems; c) A party to be in breach of any relevant legal requirements. You can find the full urgency criteria on the Ofgem's website: http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=213&refer=Licensing/IndCodes/

Governance

Self-Governance Recommended:

Yes

Justification for Self-Governance Recommendation

If you have answered yes above, please describe why this Modification should be treated as Self-Governance.

A Modification Proposal may be considered Self-governance where it is unlikely to have a material effect on:

- Existing or future electricity customers;
- Competition in generation or supply;
- The operation of the transmission system;
- Security of Supply;
- Governance of the CUSC
- And it is unlikely to discriminate against different classes of CUSC Parties.

This modification proposal looks to reword the legal text so that it aligns with the intentions of CMP235/6. It is not seeking to change anything which has not already been consulted on and approved by Ofgem and will therefore align it to the baseline. You can argue that it does have a material effect but only when compared to the potential unintended consequences of the current wording, but not when compared to the intention of CMP235/6.

Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews?

N/A

Impact on Computer Systems and Processes used by CUSC Parties:

None

Details of any Related Modification to Other Industry Codes

None

Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives:

This section is mandatory. You should detail why this Proposal better facilitates the Applicable CUSC Objectives compared to the current baseline. Please note that one or more Objective must be justified.

Please tick the relevant boxes and provide justification:		
igtimes (a) the efficient discharge by The Company of the obligations imposed upon it by the Act and the Transmission Licence		
(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. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1.		
Objective (c) was added in November 2011. This refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).		
a) National Grid is obliged to comply with Modification Proposals approved by the Authority and the CUSC. Where the two do not align as intended then this leads to inefficiency		
b) Generators pay TNUoS charges to access the National Electricity Transmission System. These costs end up in the final energy cost. By removing the grey areas within the current wording this gives Generators confidence that they will receive payments (as agreed and expected) for when they cannot access the grid through no fault of their own, thus aligning the service with what they have paid for, and helping keep aligned actual costs with forecasted costs thus improving competition.		

Additional details

Details of Proposer: (Organisation Name)	National Grid Electricity Transmission (NGET)	
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party	
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Damian Clough National Grid Electricity Transmission (NGET) 01926656416 Damian.Clough@nationalgrid.com	
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	01926656416	
Attachments (Yes/No): If Yes, Title and No. of pages of each Attachment: No		

Contact Us

If you have any questions or need any advice on how to fill in this form please contact the Panel Secretary:

E-mail cusc.team@nationalgrid.com

Phone: 01926 653606

For examples of recent CUSC Modifications Proposals that have been raised please visit the National Grid Website at

http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/Current/

Submitting the Proposal

Once you have completed this form, please return to the Panel Secretary, either by email to jade.clarke@nationalgrid.com and copied to cusc.team@nationalgrid.com, or by post to:

Jade Clarke
CUSC Modifications Panel Secretary, TNS
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

If no more information is required, we will contact you with a Modification Proposal number and the date the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, the Proposal can be rejected. You will be informed of the rejection and the Panel will discuss the issue at the next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform you.



National Grid House Warwick Technology Park Gallows Hill, Warwick CV34 6DA

Abid Sheikh Jade Clarke

Licensing and Industry Codes CUSC Modifications Panel

Ofgem Secretary

3rd Floor <u>Jade.Clarke@nationalgrid.com</u>

Cornerstone Direct tel +44 (0)1926 653606 107 West Regent Street

Glasgow

G2 2BA

(By Email)

21st December 2015 www.nationalgrid.com

Reference: CMP258 Self-Governance Statement

Dear Abid,

This is the CUSC Modifications Panel's Self-Governance Statement to the Authority for CUSC Modification Proposal (CMP) 258. National Grid has prepared this Self-governance Statement on behalf of the CUSC Modifications Panel and submits it to you in accordance with CUSC Section 8.25.1.

On 18th December 2015 the CUSC Modifications Panel considered CMP258 and confirmed unanimously that it meets the Self-governance criteria.

As such, CMP258 is unlikely to discriminate between different classes of CUSC Parties and is unlikely to have a material effect on:

- i) Existing or future electricity customers;
- ii) Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
- iii) The operation of the National Electricity Transmission System
- iv) Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
- v) The CUSC's governance procedures or the CUSC's modification procedures

The proposed timetable for the progression of CMP258 is as follows:

5 th January 2016	Code Administrator consultation issued (15 working days)
26 th January 2016	Deadline for responses
2 nd February 2016	Draft CUSC Modification Report issued for industry comment
9 th February 2016	Deadline for comment
18 th February 2016	Draft CUSC Modification Report issued to CUSC Panel
26 th February 2016	CUSC Panel determination vote
26 th February 2016	Appeals window open
18 th March 2016	Appeals window closes
21 st March 2016	Implementation date

The CMP258 form is available at:

http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP258/

If you require any further information please do not hesitate to contact me.

Yours Sincerely,

Jade Clarke
CUSC Modifications Panel Secretary.

Annex 3 – Draft Legal text

The definition of an Associated Export BM Unit is;

an **Export BM Unit** where:

(i) that Export BM Unit and an Import BM Unit are comprised in the User's Equipment are both registered as being associated with each other in respect of and by being listed (in the case of the Import BM Unit being referred to as a "Station BM Unit") in Appendix C of the same Bilateral Connection Agreement; and