

## **CMP192 - Arrangements for Enduring Generation User Commitment**



Adam Sims - CUSC Panel - 25<sup>th</sup> February 2011

## Existing Regime

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- Final Sums liability for pre-commissioning generators, TNUoS obligation for post-commissioning generators
- Final Sums based on assessment of TO costs
- TO costs not known before user terminates
- TO costs vary throughout construction programme
- Liability can vary due to other users, pre- and post-commissioning

# Interim Arrangements

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## ■ IGUCM

- Generic
- TNUoS-based, 50% share
- Local and Wider
- Non-reconcilable

## ■ Interim Final Sums

- Specific
- Investment-based, 100% share
- Local works only
- Reconcilable

## Summary of Defect

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- Large, volatile and non-transparent liabilities
- Generation securing 100% of the liabilities
- Pre- and post-commissioning equitability
- No account of generators' perceived risk profiles

# Proposed CUSC Modification

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- New CUSC Section for User Commitment arrangements
- Include eight identified components:
  - Risk sharing (G/D)
  - Notice period for liability (4 years)
  - Transmission investment profile
  - Cancellation/Closure likelihood profile
  - Value at Risk (VAR)
  - Transmission sharing between generators
  - Effect of C&M regime
  - Asset Reuse
- Focus on future transmission investment, not sunk costs
- Local / Wider split between pre- and post-commissioning generators

## Applicable CUSC Objectives

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- A) Efficient discharge of Act and Licence obligations
  - Clarity for pre-and post-commissioning users facilitates Licence Condition C7 – Prohibition on Discriminating Between Users
  - Incentive on users to provide information on future behaviour facilitates Licence Condition C17 – Transmission System Security Standard & Quality of Service
- B) Facilitating effective competition
  - Reducing volatility and opacity allows users to better forecast securities, reducing barriers to new generation and facilitating generation competition

## Environmental Impact

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- Barriers to connection lowered
- Situation for low carbon generation improved
- Old carbon-intensive generation replaced

# Code Administrator Proposed Progression

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- The Panel is asked to:
  - AGREE the establishment of a Workgroup to develop the proposal
  - AGREE the Workgroup chairman
  - AGREE the draft Terms of Reference including the timetable



## Draft TOR for Workgroup

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- Develop solution that considers the eight identified components
- Consider environmental impact of the proposal
- Consider the process and costs of implementation

# Code Administrator Proposed Timetable

<b>25<sup>th</sup> February 2011</b>	<b>Panel to agree progression</b>
<b>7<sup>th</sup> March 2011</b>	<b>First CMP192 Workgroup meeting</b>
<b>15<sup>th</sup> March 2011</b>	<b>Second Workgroup meeting</b>
<b>28<sup>th</sup> March 2011</b>	<b>Third Workgroup meeting</b>
<b>4<sup>th</sup> April 2011</b>	<b>Fourth Workgroup meeting</b>
<b>12<sup>th</sup> April 2011</b>	<b>Fifth Workgroup meeting</b>
<b>19<sup>th</sup> April 2011</b>	<b>Sixth Workgroup meeting</b>
<b>27<sup>th</sup> April 2011</b>	<b>Issue draft Workgroup Consultation for Workgroup comment (5 days)</b>
<b>6<sup>th</sup> May 2011</b>	<b>Deadline for comments on draft Workgroup Consultation</b>
<b>9<sup>th</sup> May 2011</b>	<b>Publish Workgroup consultation (for 3 weeks)</b>
<b>31<sup>st</sup> May 2011</b>	<b>Deadline for responses to Workgroup consultation</b>
<b>3<sup>rd</sup> June 2011</b>	<b>Post-consultation Workgroup meeting</b>
<b>7<sup>th</sup> June 2011</b>	<b>Circulate draft Workgroup Report</b>
<b>14<sup>th</sup> June 2011</b>	<b>Deadline for comment on Workgroup report</b>
<b>15<sup>th</sup> June 2011</b>	<b>Submit final Workgroup report to Panel Secretary</b>
<b>24<sup>th</sup> June 2011</b>	<b>Present Workgroup report to CUSC Modifications Panel</b>

# Questions?

