

## **CMP195 Code Governance Review post-implementation clarifications: Modification Report**



CUSC Modifications Panel, 30 September 2011  
Alex Thomason - Code Administrator

## Background

---

- 30<sup>th</sup> December 2010 – Code Governance Review (CGR) modifications implemented
- 12<sup>th</sup> October 2010 – Extensive comments from Ofgem
  - Changes were non material
  - National Grid (NGET) would address post implementation
  - Letter of comfort to Ofgem
- CMP195 raised in March 2011 to address:
  - CGR comments
  - Housekeeping changes

## Workgroup Consultation

---

- 4 Workgroup meetings held
- Additional changes highlighted by Ofgem prior to consultation being issued
  - Mainly housekeeping
  - Issue over charging implementation dates
- 6 Responses received to consultation
  - Unanimous support over Applicable Objective (a)
  - Split views over charging implementation dates
  - 1 Workgroup Alternative Request (WGAR)

## Workgroup Discussions

---

- NGET proposed WGCAR to implement intent of CAP188 WGAA
- Extensive post-consultation discussions around charging implementation dates
  - Majority of Workgroup believed date could change from 1 April
  - Issue over the process of changing date
- Agreed illustrative legal text
- 3 Workgroup Alternative CUSC Modifications were raised (details on next slide)

## CMP195 WACMs

- All include the housekeeping changes as proposed in the original

<b>Original</b>	<b>WACM 1</b>	<b>WACM 2</b>	<b>WACM 3</b>
No change to baseline: implementation dates for Charging Methodology mods cannot change from 1 April	Authority can change the implementation date but follow the Panel consultation process as introduced by CAP179	As WACM 1 but without industry consultation	As WACM 2 but Authority has to allow the Panel to conduct an industry consultation

## Workgroup Vote

---

- Majority (4-1) voted to implement CMP195 WACM 1
- Unanimous against Applicable CUSC Objective (a):
  - CMP195 provides clarity to the modification procedures, thereby promoting efficiency
- Majority (3/5) against objective (b):
  - CMP195 provides greater clarity to market participants

Option	Better than baseline	Better than original	Best
Original	5	n/a	0
WACM 1	5	5	4
WACM 2	1	1	1
WACM 3	5	3	0

## Code Administrator Consultation

---

- 4 responses received to consultation – mixed views
  - 2 respondents supportive of WACM1
  - 1 supportive of CMP195 Original
  - 1 generally supportive of CMP195
- Recognition that ability to change charging implementation date may be useful
- Concern that it may have commercial impacts

## National Grid Opinion

---

- CMP195 WACM2 best facilitates Applicable CUSC Objectives (a) and (b) and so should be implemented
- Objective (a):
  - CMP195 WACM2 clarifies the modification procedures introduced by the Code Governance Review and also better reflects the original intention of CAP188.
- Objective (b):
  - The greater clarity provided by CMP195 WACM2 will better help parties understand the modification procedures and so better facilitate competition



## Panel Recommendation Vote

---

- (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and
- (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.