

# CMP223 ‘Arrangements for Relevant Distributed Generators Under the Enduring Generation User Commitment’



CUSC Panel – 27 June 2014  
Jade Clarke – Code Administrator

## Background

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- Proposed by Carnedd Wen Onshore Wind Farm in September 2013
- NGET applied CUSC Section 15 (User Commitment) to distributed generators (DG) via their DNO (excluding BEGA wider liability)
- DG are not benefiting from security reductions in a number of cases
- DNOs have no mechanism to recover any shortfall between security and liability and would be exposed to full financial risk of bad debt.

## Proposed CUSC Modification

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- CMP223 seeks to modify the CUSC such that distribution-connected generators deemed to have an impact on the electricity transmission network receive the same security and liability requirements as transmission-connected generators

## Workgroup Consultation

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- 9 responses received
- All supportive of one or more of the options identified

## Workgroup Vote

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- 9 Workgroup Members voted
- 4 WACM's proposed
- 7 Workgroup Members voted that CMP223 WACM3 best facilitates the applicable CUSC Objectives
- **Original**
  - New mandatory contract to be introduced between NG and each distributed generator that has a transmission impact
  - Apply for security and liability figures from CUSC Section 15 directly.
- **WACMs**
  - Who should hold the bad debt?
  - Should BEGA/BELLA be treated differently to other DG?

## Workgroup Alternate CUSC Modifications

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### ■ WACM1

- If a distribution connected generator terminates and does not pay invoiced liability, the DNO would pay NG full liability amount and pursue the generator for the bad debt.
- If they could not recover the full amount, they would demonstrate to NG that it has exhausted all avenues for recovering debt.
- Subject to Ofgems approval, NG would then recover this money through TNUoS charges in the following year and return it to the DNO.

### ■ WACM2

- If a distribution connected generator terminates and does not pay invoiced liability, the DNO would pay NG the set security percentage amount and pursue the generator for the bad debt.
- Once all avenues exhausted, DNO would inform NG.
- Subject to Ofgems approval, NG would then recover the remaining money through TNUoS charges in the following year.

## Workgroup Alternate CUSC Modifications

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### ■ WACM3

- If a SoW generator terminates and does not pay invoiced liability, the DNO would pay NG the set security percentage amount and pursue the generator for the bad debt.
- If they could not recover the full amount, they would demonstrate to NG that it has exhausted all avenues for recovering debt.
- Subject to Ofgems approval, NG would then recover the remaining money through TNUoS charges in the following year.
- For BEGA and BELLA parties, NG would amend contracts to include pre commissioning User Commitment liabilities and securities. NG will pursue the bad debt from the developer.

### ■ WACM4

- If a SoW generator terminates and does not pay invoiced liability, the DNO would pay NG full liability amount and pursue the generator for the bad debt.
- Once all avenues exhausted, DNO would inform NG.
- Subject to Ofgems approval, NG would then recover the remaining money through TNUoS charges in the following year.
- For BEGA and BELLA parties, NG would amend contracts to include pre commissioning User Commitment liabilities and securities. NG will pursue the bad debt from the developer.

## Code Administrator Consultation

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- 9 responses received
- All respondents supportive of at least one proposed option although the majority supportive for WACM3. All respondents supportive of implementation approach



## National Grid Opinion

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- CMP223 WACM1 best facilitates the Applicable CUSC Objectives as it is simple to implement, transparent, ensures equal treatment for all DG and maintains the incentive to chase debt with the party that holds that debt.

## Draft CUSC Modification Report

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- Issued on 11 June 2014
- Proposer requested to make minor changes to the CMP223 Proposed Legal text.
- Minor amendments to WACM3

## Draft Legal text

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### CUSC Section 10

10.1.6 (j) the term “**Existing Relevant Embedded Power Station**”, shall mean a **Relevant Embedded Small Power Station** or **Relevant Embedded Medium Power Station** which is the subject of an **Existing Associated DNO Construction Agreement** ~~where the Construction Works;~~

### CUSC Section 15 Part 3

3.2

For Users in <del>Category</del> <b>Category</b> (a) as per Section 15 Part One Paragraph 2	
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**Does the CUSC Panel approve these changes?**

## Questions before Panel Vote?



## Panel Recommendation Vote

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- a) The efficient discharge by the licensee of the obligations imposed upon it under the Act and by 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.

## Proposed Timetable

<b>27 June 2014</b>		<b>Panel vote</b>
<b>1 July 2014</b>		<b>Issue FMR for final comment</b>
<b>8 July 2014</b>		<b>Deadline for comments</b>
<b>10 July 2014</b>		<b>Final Report sent to Authority for decision</b>
<b>14 August 2014</b>		<b>Indicative 25 day KPI for decision</b>
<b>Before 30 Sept</b>	<b>After 30 Sept</b>	<b>Implementation in CUSC (if approved)</b>
<b>1 April 2015</b>	<b>1 October 2015</b>	<b>CMP223 'Go-live'(if approved)</b>