



CMP239 – Grandfathering arrangements for the small generator discount
CUSC Panel – 31st October

Small Generator Discount

- Small generators in Scotland connected at 132kV currently receive a discount to TNUoS charges
- Intended to provide a level playing field for generators who were obligated to connect at 132kV
- These generators would have had the option to connect to the distribution system in England and Wales and avoid these charges
- Licence condition expires in March 2016 – No alternative solution has been proposed

Proposal

- Amend the CUSC to introduce “grandfathering” arrangements
 - For existing ‘eligible’ generators
 - For new generators connecting before 31st March 2016
- Avoid a situation where eligible generators are faced with a sudden significant increases in charges
- Intended to recognise that no enduring solution has been implemented
- Arrangements intended to endure until the 132kV system in Scotland is designated as Distribution
- Post March 2016 connections would not be eligible for the discount

Benefits of CMP239

- seeks to reflect the reasonable expectation of generators currently eligible for the discount that revised arrangements would be put in place following the known need to address this issue
- balances the objective to ensure the charging methodology is cost reflective with the impacts on competition if the discount is allowed to expire suddenly
- avoids detrimental impacts on competition from large rises in costs to currently eligible generators
 - commercial decisions have been made on the reasonable assumption of replacement arrangements
 - a 50MW onshore wind farm would see an increase in TNUoS costs of £448,000/ year based on the current £8.96/kW discount
 - 25 generators in Scotland and 5 offshore currently in receipt, approximately 16 new projects with 1.2GW of capacity due to connect before 1 April 2016

Relevant Objectives

- **Use of system charging methodology**
 - a). that compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
 - c). that, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses.

Progression of CMP239

- The Panel is asked to agree:
 - whether CMP239 should be progressed through Self-governance
 - how to progress CMP239
 - Workgroup
 - Code Administrator Consultation
 - whether CMP239 is exempt from any ongoing SCR

CMP239 Workgroup Timetable

31st October 2014	Proposal presented to CUSC Panel
31st October 2014	Send out draft TOR and WG nominations for 1 week
7th November 2014	Deadline for comments/nominations
W/C 10th November 2014	Workgroup meeting 1
W/C 1st December 2014	Workgroup meeting 2
10th December 2014	Workgroup Consultation issued for 1 week Workgroup comment
17th December 2014	Deadline for comments
22nd December 2014	Workgroup Consultation published (4 weeks?)
19th January 2015	Deadline for responses
W/C 2nd February 2014	Workgroup meeting 3
9th February 2014	Circulate draft Workgroup Report
16th February 2014	Deadline for comment
19th February 2014	Submit final Workgroup Report to Panel
27th February 2014	Present Workgroup report at CUSC Modifications Panel