

CMP237 'Response Energy Payment for Low Fuel Cost Generation'



CUSC Panel – 29th May 2015
Alex Thomason, Workgroup Chair

Background

- CMP237 was raised by National Grid in September 2014
- All licensed generators are obliged under the Grid Code to provide the Mandatory Frequency Response service
- When providing Frequency Response, a generator either (i) pays or (ii) is paid a Response Energy Payment (REP).
- The REP has been designed to reflect the cost of providing energy.
- Methodology was agreed when majority of generators providing frequency response had fuel costs that made up a reasonable proportion of the cost of providing frequency response.

Proposed CUSC Modification

- CMP237 proposes that the REP calculation be retained for conventional generators or generators that have a fuel cost
- For all other generators, it is proposed that the REP would be set at £0/MWh

Workgroup Consultation

- 2 Workgroup Consultations
- 5 Responses and an alternative request in response to first consultation.
- Workgroup chose to develop alternative request and consulted again
- 5 responses and a further alternative request in response to second consultation
- Following guidance from the Panel, Proposer reverted back to original proposal
- Issues raised by first alternative request are being progressed separately, due to additional defect identified

Workgroup Vote

- Original and 1 WACM agreed:
 - Original provides a classification of generators into two categories outlined within the report. Those with no fuel cost have their REP set to £0/MWh.
 - WACM uses same classification of generators as the Original Proposal, however allows all those with no fuel cost to choose whether their REP will be set to £0/MWh or will be based on the Market Index Price.
- Workgroup voted unanimously that original better than baseline and by majority that WACM better than baseline
- Equal split between Original and WACM as best option

Workgroup Conclusions

- Terms of Reference have been met
- Proposed legal text agreed by the Workgroup
- Implementation proposed as 10 working days after an Authority decision, with a transitional period of three full calendar months (on 1st day of the following month)

Next Steps

- The Panel is invited to:
 - Accept the Workgroup Report
 - Agree for CMP237 to progress to Code Administrator Consultation

Proposed Timetable

3 June 2015	Issue CA Consultation
24 June 2015	CA Consultation closes
29 June 2015	Issue draft FMR for comment
6 July 2015	Deadline for comment
23 July 2015	CUSC Panel Papers Day
31 July 2015	Panel vote
3 August 2015	Issue FMR for final comment
10 August 2015	Deadline for comments
12 August 2015	Final Report sent to Authority for decision
17 September 2015	Indicative 25 day KPI for decision
30 September 2015	CMP237 Text Implemented (if approved)
1 January 2016	Full CMP237 Implementation