

CMP227 'Change the G:D split of TNUoS charges, for example to 15:85'



CUSC Panel – 31st July 2015
Jade Clarke, Code Administrator

Background

- CMP227 was raised by InterGen on 28th February 2014
- An overview of European transmission tariffs by ENTSO-E showed that out of the 34 countries surveyed, 14 have a generator charge and 20 do not.
- GB now has the highest generator charge at €2.5/MWh.

Proposed CUSC Modification

- CMP227 seeks to change the split of the total TNUoS charges between generation and demand from the current 27:73 to a lower share of charges for generators.
- The proposal aims to level the playing field in Europe in terms of TNUoS charges.
- Intergen's proposal was to use a ratio of 15:85, based on work undertaken during the TransmiT SCR

Workgroup Options

- Workgroup developed and consulted on a range of options:
 - 18.3:81.7 Generation Residual set to zero
 - 15:85 Original Proposal
 - 4.26:95.74 Average transmission charge equivalent to 0.5/MWh
 - 2.1:97.9 Average transmission charge equivalent to Euro 2.5/MWh
 - 0:100
 - Implementation timescales ranging from 12 to 48 months

Workgroup Consultation

- 18 responses received
- Split view on whether proposed changes better meet Applicable CUSC Objectives
- Some respondents support a longer implementation period as generators have contracts in place.

Workgroup Vote

- Original and 5 WACMs confirmed

Option	Implementation Timescales		
	12m	24m	36m
G:D split fixed at 15:85	Original	WACM1	WACM2
G:D split fixed at 4:96 (equivalent to €0.5/MWh at current exch rate)	WACM3	WACM4	WACM5

- Workgroup voted by majority that WACMs 1, 2 and 5 better facilitate ACO's than baseline
- Majority view that WACM5 better facilitates objectives than the Original proposal
- Split view on best option

Code Administrator Consultation

- Closed on 25th June 2015
- 18 responses
- Mixed view between the two G:D Split options and not being supportive of modification.

National Grids view

- National Grid does not believe that changing the G:D Split alone will better facilitate competition with European Generators. Changing the split neither improves nor worsens cost reflectivity. National Grid are not supportive of any option under CMP227.

Questions before Panel Vote?



Panel Recommendation Vote

- 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;
- b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 (Requirements of a connect and manage connection)
- c) That, so far 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.
- d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Proposed Timetable

31st July 2015	Panel vote
3rd August 2015	Issue FMR for final comment
10th August 2015	Deadline for comments
13th August 2015	Final Report sent to Authority for decision
17th September 2015	Indicative 25 day KPI for decision
1st October 2015	CMP239 Implemented (if approved)