

CMP255 'Revised definition of the upper limit of Generation Charges in the charging methodology with removal of the reference to the 27% charging cap'



CUSC Panel – 29 April 2016
John Martin – National Grid

Background

- CMP255 was raised by RWE and was submitted to the CUSC Modifications Panel for their consideration on 27 November 2015.
- CMP255 aims to remove the requirement for the generation allocation of costs to revert back to 27% if the limits to generation charges imposed by European Commission Regulations no longer apply.

Workgroup Consultation

- Twelve responses were received to the Consultation and were considered by the Workgroup.
- Nine respondents supported the original proposal as better meeting the Applicable CUSC Objectives. Three respondents did not support it as they believed that 27% was a longer established principle, and the case for a lower G charge (and thus higher D charge) was not proven.
- Eight respondents supported the implementation approach and four did not. Of the four that did not support the implementation approach, three of these did not also support the Original Proposal, the remaining respondent was concerned about the potential for a mid-year tariff change.

Proposed WACMs

- Six WACMs were proposed by Workgroup members
- WACM1: Fix at the generation percentage last used to set transmission tariffs;
- WACM2: A phased return to 27% for the generation percentage;
- WACM3: A phased change to generation charges equal zero;
- WACM4: A phased move to the generation percentage being an average of all other European member states figures;
- WACM5: A phased change to *average* Generation charges equal zero;
- WACM6: Fix at the generation percentages as forecast (as in the latest five-year forecast / quarterly updated), and fix at the last one.

Agreed WACMs

- Three WACMs were agreed by the Workgroup
- WACM1: Fix at the generation percentage last used to set transmission tariffs;
- WACM2: A phased return to 27% for the generation percentage;
- WACM3: Fix at the generation percentages as forecast (as in the latest five-year forecast / quarterly updated), and fix at the last one.

Workgroup Conclusions

- Terms of Reference have been met;

Scope of Work	Evidence in Workgroup Report
<i>a) Implementation</i>	Section 6
<i>b) Review draft legal text</i>	Annex 9

- Proposed legal text agreed by the Workgroup.
- The Workgroup have outlined implementation options within Section 7 and agreed to avoid the potential for a mid-year tariff change by ensuring implementation as soon as practicable, i.e. 10 working days after approval..

Proposed CUSC Modification

- This Proposal seeks to amend;
 - Changes to Section 14 – Charging Methodologies – specifically 14.14.5, Part 2 ‘The Statement of the Use of System Charging Methodology’

Next Steps

- The Panel is invited to:
 - Accept the Workgroup Report
 - Agree for CMP255 to progress to Code Administrator Consultation

Proposed Timetable

29 April 2016	Present Workgroup Report at CUSC Modifications Panel
3 May 2016	Code-Administrator Consultation published
23 May 2016	Deadline for responses
25 May 2016	Draft FMR published
31 May 2016	Deadline for comments
16 June 2016	Draft FMR issued to CUSC Panel
24 June 2016	CUSC Panel Recommendation vote
29 June 2016	Final CUSC Modification Report submitted to Authority