

# CMP251 'Removing the error margin in the cap on total TNUoS recovered by generation and introducing a new charging element to TNUoS to ensure compliance with European Commission Regulation 838/2010'



CUSC Panel – 24 June 2016  
John Martin – National Grid

## Background

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- CMP251 was raised by British Gas and was submitted to the CUSC Modifications Panel for their consideration on 28 August 2015.
- CMP251 seeks to better meet compliance with European Regulation 838/2010 by removing the error margin introduced by CMP224 and by introducing a new charging element to the calculation of TNUoS.

## Workgroup Consultation

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- Nine responses were received to the Consultation and were considered by the Workgroup.
- Only Two respondents supported the original proposal as better meeting the Applicable CUSC Objectives. Seven respondents did not support it because they believed that the current approach based on an ex ante methodology provides more stability of TNUoS costs and so does not better facilities the applicable CUSC Objectives.
- Six respondents supported the implementation approach and two did not, one respondent did not comment. The two that did not support the implementation approach, also, did not support the Original Proposal.

# WACMs

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- Eight WACMs were agreed by the Workgroup
  - **WACM1:** The error margin will be removed and reconciliation will only be carried out if Generators pay more than an average of €2.50/MWh in respect of a Charging Year. Reconciliation will be applied in tariffs of both Suppliers and Generators in Year +2;
  - **WACM2:** The error margin will be removed but reconciliation will be carried out to both Generators and Suppliers to ensure that Generators pay €2.50/MWh in respect of a Charging Year. Generators will receive a rebate or charge in May of Y+1 and the amount to be rebated or charged to Suppliers will be spread over 3 years and recovered through tariffs in Y+2, Y+3 and Y+4;
  - **WACM3:** The error margin will be removed and reconciliation will be carried out to both Generators and Suppliers to ensure that Generators pay €2.50/MWh in respect of a Charging Year. The amount to be rebated or charged to Generators and Suppliers will be spread over 3 years and recovered through tariffs in Y+2, Y+3 and Y+4;

## WACMs Continued

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- **WACM4:** The error margin will be removed and reconciliation will only be carried out if Generators pay more than an average of €2.50/MWh in respect of a Charging Year. Generators will receive a rebate in July of Y+1 and Suppliers will be charged in July of Y+1;
- **WACM5:** The error margin will be removed and reconciliation will only be carried out if Generators pay more than an average of €2.50/MWh in respect of a Charging Year. Generators will receive a rebate in May of Y+1 and Suppliers will be charged in the Y+2 tariffs;
- **WACM6:** The error margin will be removed and reconciliation will be carried out to both Generators and Suppliers to ensure that Generators pay €2.50/MWh in respect of a Charging Year. Reconciliation will be applied in tariffs of both Suppliers and Generators in Year +2;
- **WACM7:** The error margin will be removed and reconciliation will be carried out to both Generators and Suppliers to ensure that Generators pay €2.50/MWh in respect of a Charging Year. Generators will receive any rebate in May Y+1 and any charge in Y+2 Tariffs, whilst Suppliers receive any rebate or charge in Y+2 Tariffs;

# Workgroup Conclusions

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- 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 (agreed by the Workgroup)</i>	Annex 10
<i>c) Consider the legality of breaching the regulation then reconciling the difference the following year</i>	Annex 6 and 7
<i>d) Consider whether you should fix the charge at €2.5 as proposed rather than remaining within the €0-€2.5 range as per the EC Regulation</i>	Section 4
<i>e) Assess the impact on competition</i>	Section 4
<i>f) Consider any interaction with CMP244</i>	Section 6
<i>g) Consider when 2.50 is to be calculated</i>	Section 4

## Proposed CUSC Modification

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- This Proposal seeks to amend;
  - Changes to Section 14.

## Next Steps

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- The Panel is invited to:
  - Accept the Workgroup Report
  - Agree for CMP251 to progress to Code Administrator Consultation



## Proposed Timetable

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24 June 2016	Present Workgroup Report at CUSC Modifications Panel
28 June 2016	Code-Administrator Consultation published
19 July 2016	Deadline for responses
26 July 2016	Draft FMR published
2 Aug 2016	Deadline for comments
18 Aug 2016	Draft FMR issued to CUSC Panel
26 Aug 2016	CUSC Panel Recommendation vote
6 Sept 2016	Final CUSC Modification Report submitted to Authority