

CMP262

‘Removal of SBR/DSBR Costs from BSUoS into a “Demand Security Charge”’.



CUSC Panel – 26 August 2016
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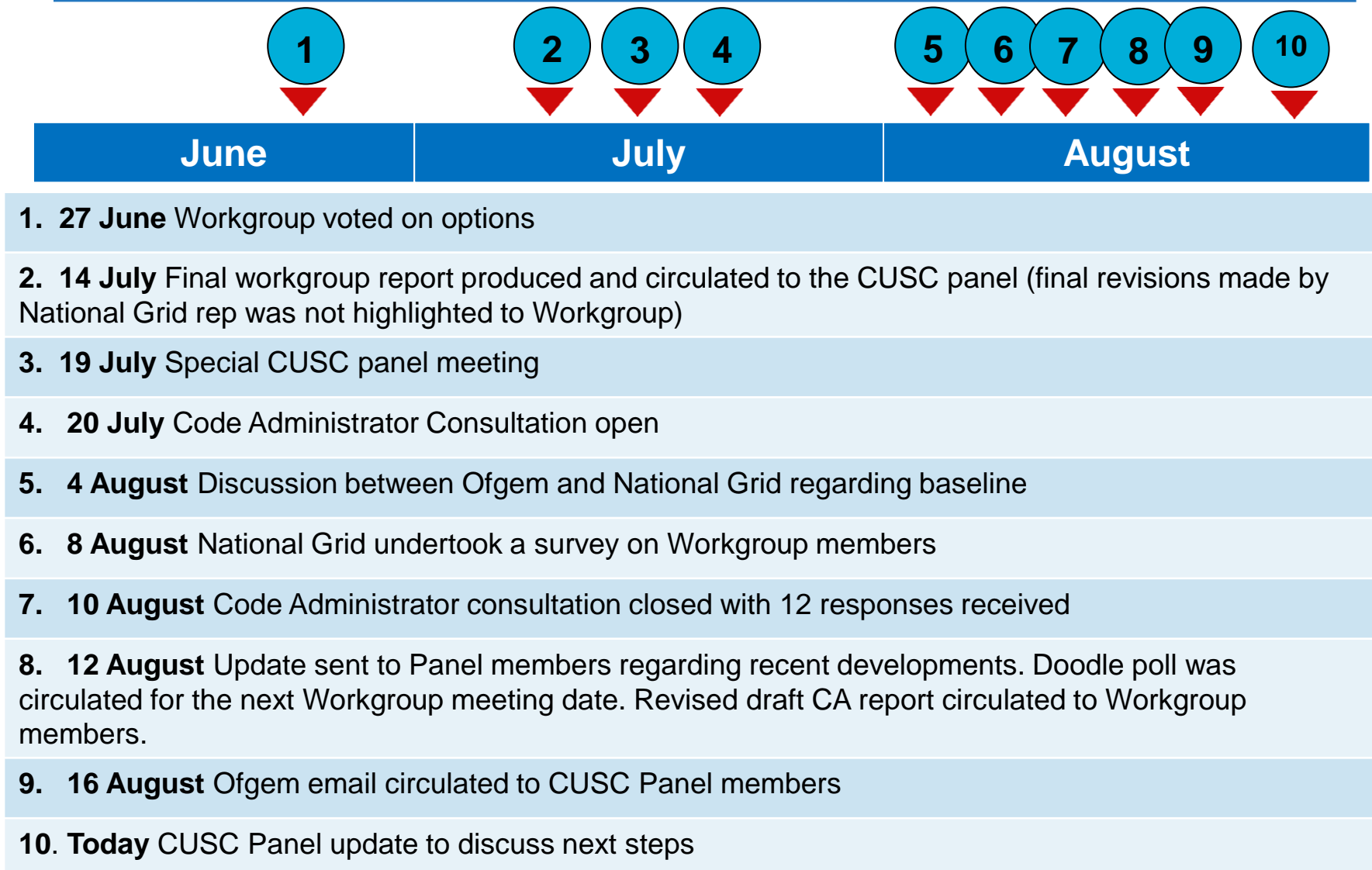
Background

- CMP262 was raised by VPI Immingham and was submitted to the CUSC Modifications Panel for their consideration on 18 March 2016.
- The Proposers request that the Proposal be developed and assessed against the CUSC Applicable Objectives in accordance with an urgent timetable. This was agreed to by the Panel and was approved by Ofgem on 31 March 2016.
- CMP262 aims to create a new cost recovery mechanism, a “Demand Security Charge” specifically for recovery of all SBR/DSBR utilisation costs, which is only levied on demand side Balancing Mechanism Units (BMUs).

Background to Issues Identified

- CUSC 14.30.6 states that SBR/DSBR utilisation costs will be recovered as a flat rate across the day, and not targeted to half hours.
- Ofgem raised a concern that the baseline arrangements regarding the existing BSUoS methodology for SBR/DSBR utilisation cost recovery were not clear in the Code Administration Consultation.
- As a result;
 - Assessments and voting may not have been fully aligned to baseline.
 - Previous assumptions made by the Proposer and by some Workgroup members about the baseline methodology may not have been accurate.
 - The phrases “settlement day” and “settlement period” were not clearly distinguished in the Code Administration Consultation document.

Overview of Post CA Consultation Developments



Steps Carried Out to Address Issues

- National Grid circulated questions to the six voting members, asking their understanding of the baseline CUSC methodology regarding SBR/DSBR utilisation cost recovery.
- Five replied back, one confirmed his understanding of the baseline arrangement aligns with CUSC 14.30.6.
- Four members were not clear about the baseline.
- Of the four members, two believed the wording of the proposal and subsequent analysis and discussion may have led them to believe that the costs were targeted into individual settlement periods.
- Of the four members, one said that they would have voted differently.
- The Proposer has confirmed that this has not removed the need to address or amend the defect.

Proposed Timetable

(Option 1 – 5 working day CA Consultation)

26 August 2016	Panel meeting for update
7 September 2016	Workgroup re-convene and update the CA Consultation document
13 September 2016	Re-publish the Code Administrator Consultation (5 working days)
20 September 2016	Deadline for Code Administrator Consultation responses
22 September 2016	Publish the Draft Final Modification Report and issue to CUSC Panel
30 September 2016	CUSC Panel meeting
7 October 2016	Final report sent to Authority for decision
4 November 2016	Indicative Authority Decision due (20 Working days)
11 November 2016	Implementation date

Proposed Timetable

(Option 1 – 15 working day CA Consultation)

26 August 2016	Panel meeting for update
7 September 2016	Workgroup re-convene and update the CA Consultation document
13 September 2016	Re-publish the Code Administrator Consultation (15 working days)
4 October 2016	Deadline for Code Administrator Consultation responses
7 October 2016	Publish the Draft Final Modification Report and issue to CUSC Panel
14 October 2016	Special CUSC Panel meeting
21 October 2016	Final report sent to Authority for decision
18 November 2016	Indicative Authority Decision due (20 Working days)
25 November 2016	Implementation date

Proposed Next Steps

- Workgroup to re-convene and to re-visit the baseline and WACMs, review the impact assessments and legal text.
- Workgroup to re-vote if necessary.
- Update people who have responded to CA consultation with the recent developments.
- Issue amended CA consultation for Workgroup to review and to sign off, prior to issuing back to the CUSC Panel.
- Agree amended timeline and report back to CUSC Panel.
- Possible need for retrospectively due to window opening from 1 November.
- Sessions on lessons learnt.