

CMP261 'Ensuring the TNUoS paid by Generators in GB in Charging Year 2015/16 is in compliance with the €2.5/MWh annual average limit set in EU Regulation 838/2010 Part B (3)



CUSC Panel – 25 October 2016
John Martin – National Grid

Background

- CMP261 was raised by SSE and was submitted to the CUSC Modifications Panel for their consideration on 26 February 2016.
- CMP261 seeks to ensure that there is an ex post reconciliation of the TNUoS paid by GB Generators during charging year 2015/16 which will take place in Spring 2016 with any amount in excess of the €2.5/MWh upper limit being paid back, via a negative Generator residual levied on all GB Generators who have paid TNUoS during the period 1st April 2015 to 31st March 2016 inclusive.

Workgroup Consultation

- Nine responses were received to the Consultation and were considered by the Workgroup.
- 6 respondents supported the original proposal as better meeting the Applicable CUSC Objectives. Three respondents did not support it because they believed that the modification does not better facilities the applicable CUSC Objectives as non-compliance has not yet been determined.
- All respondents supported the implementation approach with some caveats that it would be more prudent to allow Supplier sufficient time to correct pricing by collecting monies in a future Charging Year.

WACMs

- Three WACMs were agreed by the Workgroup
 - **WACM1:** Carries out a Generator Rebate ASAP, charging Suppliers through tariffs in 2018/19;
 - **WACM2:** Carries out both reconciliations through tariff adjustments in the Charging Year 2017/18;
 - **WACM3:** Carries out both reconciliations through tariff adjustments in the Charging Year 2018/19;

Workgroup Conclusions

- Terms of Reference have been met;

Scope of Work	Evidence in Workgroup Report
<i>a) Implementation</i>	Section 4
<i>b) Review draft legal text (agreed by the Workgroup)</i>	Annex 13
<i>c) Consider the legality of breaching the regulation then reconciling the difference the following year</i>	Section 2
<i>d) Assess Impact on Competition</i>	Section 2
<i>e) Assess the impact on Suppliers</i>	Section 2
<i>f) Assess the impact on Consumer</i>	Section 2
<i>g) Consider any impact with related CUSC Modification Proposal</i>	Section 2
<i>h) Consider when €2.50 is to be calculated</i>	Section 2
<i>i) Consider 2 year delay in funds being transferred between Suppliers and Generators</i>	Section 4

Proposed CUSC Modification

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

Next Steps

- The Panel is invited to:
 - Accept the Workgroup Report
 - Agree for CMP261 to progress to Code Administrator Consultation

Proposed Timetable

25 October 2016	Present Workgroup Report at CUSC Modifications Panel
25 October 2016	Code-Administrator Consultation published
15 November 2016	Deadline for responses
17 November 2016	Draft FMR published
17 November 2016	Draft FMR issued to Special CUSC Panel?
22 November 2016	Deadline for comments
25 November 2016	CUSC Panel Recommendation vote
2 December 2016	Final CUSC Modification Report submitted to Authority

CMP261 Workgroup Member Feedback

- Comments have been provided by a Workgroup member that have a negative reflection on the Workgroup process:
 - ***actions of National Grid and Ofgem have altered the nature of the assessment process and the alternatives that have been put forward.***
 - ***the actions of National Grid have not helped expedite the CMP261 process. Their actions may well be commercially understandable, as they could well be found to be materially in breach of the Regulation, but at the same time as code administrator could be perceived to lack impartiality. The actions that could be misconstrued have included:***
 1. ***extending the scope of analysis beyond that requested by the workgroup;***
 2. ***the chair saving an alternative proposal that had been proposed by the National Grid representative but had been rejected by the workgroup; and***
 3. ***various chairs actively encouraging the workgroup to reconsider its vote on alternatives, after the vote had already been taken.***

Code Administrator Views

- The Code Administrator would like to note that further analysis carried out was done so following a steer provided by Ofgem and owned by the Workgroup;
- Where the Chair has saved any alternatives full justification was provided and this is documented in the Alternatives section of the Workgroup Report;
- Throughout the process the Code Administrator has acted in an independent and supportive manner using Workgroup steer, expertise and Ofgem direction;
- The CACOP mandates the Code Administrator to act in an ‘impartial, objective and balanced manner’, and this would not be prejudiced by a modification being raised that commercially impacts National Grid.