

CMP264: 'Embedded Generation Triad Avoidance Standstill'

CMP265: 'Gross charging of TNUoS for HH demand where Embedded Generation is in the Capacity Market'

CMP269 'Potential consequential changes to the CUSC as a result of CMP264'

CMP270 'Potential consequential changes to the CUSC as a result of CMP265'



CUSC Panel – 25 October 2016

Ryan Place– National Grid

Background – CMP264

- CMP264 was raised by Scottish Power and was submitted to the CUSC Modifications Panel for its consideration on 27 May 2016
- CMP264 seeks to change the Transport and Tariff Model and billing arrangements to remove the netting of output from those New Embedded Generators who export on to the system, when determining liability for locational and wider HH demand TNUoS charges

Background – CMP265

- CMP265 was raised by EDF and was submitted to the CUSC Modifications Panel for its consideration on 27 May 2016
- CMP265 seeks to change the Transport and Tariff Model and billing arrangements to remove the netting of output from those embedded generators who are in the Capacity Market and export on to the distribution network, when determining liability for the residual HH demand TNUoS charges

Background – CMP269/CMP270

- CMP269 was raised by Scottish Power and was submitted to the CUSC Modifications Panel for its consideration on 26 August 2016
- CMP270 was raised by EDF and was submitted to the CUSC Modifications Panel for its consideration on 26 August 2016
- CMP269 and CMP270 have been raised as consequential Modifications to CMP264/265 to facilitate amendments to Section 11 of the CUSC if either the Modification or WACM was approved
- The CUSC Panel agreed that CMP269/270 would be aligned with CMP264/265

Workgroup Consultation – CMP264/265

- 47 responses were received to the Consultation for CMP264 and were considered by the Workgroup.
- **Six of the 47** respondents supported the proposal (including a response from the Proposer's organisation) and believed it did better meet Objective (a). In addition two respondents were unable to confirm if they believed it did or not as there wasn't enough analysis provided to make this decision.
- 46 responses were received to the Consultation for CMP265 and were considered by the Workgroup.
- **Seven of the 46** respondents supported the proposal (including a response from the Proposer's organisation) and believed it did better meet Objective (a). In addition three respondents were unable to confirm if they believed it did or not as there wasn't enough analysis provided to make this decision.
- The respondents highlighted that both Proposals fail to address the wider issues associated with the defect for existing generators and also introduces discriminatory treatment between new and existing generation. There were also views raised about the accelerated timescales and that a partial and potentially discriminatory solution may result in creating more uncertainty into the electricity market and that a far wider review would be a more prudent approach

WACMs

- For CMP264 (CMP269):
 - 8 WACMs were agreed by the Workgroup
 - 15 WACMs were retained by the Workgroup Chair as these were better than the baseline, facilitated the CUSC charging objective (a) and reflected the composition of the Workgroup and the variety of views

- For CMP265 (CMP270):
 - 4 WACMs were agreed by the Workgroup
 - 14 WACMs were retained by the Workgroup Chair as these were better than the baseline, facilitated the CUSC charging objective (a) and reflected the composition of the Workgroup and the variety of views

CMP264/269 Voting

- **WACM3** received the highest number of votes for vote 3 (with **four of the 22** Workgroup members voting that as the best option. The next highest options voted for was the baseline and WACM 8 with three votes each

WACM Ref	WACM identifier	Workgroup members voted as BEST	WACM Ref	WACM identifier	Workgroup members voted as BEST
	Original Proposal	0	WACM 13	UKPR G1 (CMP264)	0
WACM 1	Centrica B (CMP264)	1	WACM 14	UKPR H1 (CMP264)	0
WACM 2	NG C (CMP264)	0	WACM 15	UKPR I1 (CMP264)	1
WACM 3	Uniper A (CMP264)	4	WACM 16	UKPR J1 (CMP264)	0
WACM 4	SSE A (CMP264)	0	WACM 17	UKPR K1 (CMP264)	0
WACM 5	SSE B (CMP264)	1	WACM 18	UKPR L1 (CMP264)	0
WACM 6	NG A (CMP264)	1	WACM 19	SP B	2
WACM 7	NG D (CMP264)	0	WACM 20	Alkane A	
WACM 8	ADE E (CMP264)	3	WACM 21	Alkane B	1
WACM 9	Infinis A (CMP264)	1	WACM 22	ADE C	
WACM 10	Greenfrog A (CMP264)	2	WACM 23	Infinis B	
WACM 11	Eider A (CMP264)	1	Baseline		3
WACM 12	UKPR F1 (CMP264)	0	Abstained		1

CMP265/270 Voting

- **WACM10** received the highest number of votes with **four of the 22** Workgroup members voting that as the best option. The next highest options voted for was the baseline, WACM 3 and WACM 8 with three votes each

WACM Ref	WACM identifier	Workgroup members voted as BEST	WACM Ref	WACM identifier	Workgroup members voted as BEST
	Original Proposal	1	WACM 11	Eider A (CMP265)	1
WACM 1	Centrica B (CMP265)	1	WACM 12	UKPR F1 (CMP265)	0
WACM 2	NG C (CMP265)	0	WACM 13	UKPR G1 (CMP265)	0
WACM 3	Uniper A (CMP265)	3	WACM 14	UKPR H1 (CMP265)	0
WACM 4	SSE A (CMP265)	1	WACM 15	UKPR I1 (CMP265)	1
WACM 5	SSE B (CMP265)	1	WACM 16	UKPR J1 (CMP265)	0
WACM 6	NG A (CMP265)	1	WACM 17	UKPR K1 (CMP265)	0
WACM 7	NG D (CMP265)	0	WACM 18	UKPR L1 (CMP265)	0
WACM 8	ADE E (CMP265)	3	Baseline		3
WACM 9	Infinis A (CMP265)	1	Abstention		1
WACM 10	Greenfrog A (CMP265)	4			

Workgroup Conclusions – CMP264 ToR

Specific area	Location in the report
<p>a) The Workgroup should consider whether, on the balance of probabilities, the current level of embedded generation triad avoidance benefit significantly exceeds the actual avoided transmission investment cost, whether this causes a distortion in competition, and whether the proposed temporary removal of such benefits (pending the outcome and implementation of Ofgem’s considerations) would better meet the code objectives.</p>	<p>Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.</p>
<p>b) The Workgroup should not attempt to resolve the issue of what the most appropriate charging arrangements should be on an enduring basis, as this will be the subject of Ofgem’s considerations. .</p>	<p>The Workgroup did not consider the issue of what the most appropriate charging arrangements should be.</p>
<p>c) The Workgroup should consider the definition of and criteria for the “disapplication date” in the proposed solution, i.e. the date on which the modification would cease to have effect.</p>	<p>N/A as the Proposer removed disapplication date. Refer to section 3.9</p>

Workgroup Conclusions – CMP264 ToR cont.

Specific area	Location in the report
d) The Workgroup should consider whether the Workgroup’s conclusions would be materially impacted by the length of time between implementation and the “disapplication date”.	N/A as the Proposer removed disapplication date. Refer to section 3.9
e) The Workgroup should consider consumer impacts resulting from the proposal.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.
f) Consider any link to the Balancing and Settlement Code with particular focus on timescales of any changes.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis. The BSC Modification P348 and P349 Workgroups shared a number of Workgroup members with CMP264/265. In addition a BSC representative attended CMP264/265 as an observer.
g) Consider any link to EMR Settlements metering with particular focus on timescales of any changes.	Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.

Workgroup Conclusions – CMP265 ToR

Specific area	Location in the report
<p>a) This Workgroup should not focus on transmissions connected generators in negative zones.</p>	<p>The Workgroup did not consider the issue of transmission connected generators in negative zones.</p>
<p>b) The Workgroup should not look to amend the existing Capacity Mechanism.</p>	<p>The Workgroup did not consider amending the existing Capacity Mechanism.</p>
<p>c) The Workgroup should consider all Embedded Generation with Capacity Market contracts directly or indirectly.</p>	<p>Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.</p>
<p>d) The Workgroup should consider consumer impacts resulting from the proposal.</p>	<p>Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.</p>

Workgroup Conclusions – CMP264 ToR cont.

Specific area	Location in the report
<p>e) The Workgroup should consider whether, on the balance of probabilities, the current level of embedded generation triad avoidance benefit significantly exceeds the actual avoided transmission investment cost, whether this causes a distortion in competition, and whether the removal of such benefits (pending the outcome and implementation of Ofgem’s considerations) would better meet the code objectives.</p>	<p>Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.</p>
<p>f) Consider any link to the Balancing and Settlement Code with particular focus on timescales of any changes.</p>	<p>Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis. The BSC Modification P348 and P349 Workgroups shared a number of Workgroup members with CMP264/265. In addition a BSC representative attended CMP264/265 as an observer.</p>
<p>g) Consider any link to EMR Settlements metering with particular focus on timescales of any changes.</p>	<p>Workgroup consultation Report contains evidence (please refer to volume 2 of this report). The Workgroup noted that it had been considered but with limited analysis and time spent due to the accelerated timescales.</p>

Proposed CUSC Modification

- The Proposals seek to amend;
 - Changes to Section 14; and
 - Changes to Section 11

Next Steps

- The Panel is invited to:
 - Accept the Workgroup Report; and
 - Agree for CMP264, CMP265, CMP269 and CMP270 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
4 November 2016	Deadline for responses
10 November 2016	Draft FMR published
10 November 2016	Draft FMR issued to Special CUSC Panel?
15 November 2016	Deadline for comments
23 November 2016	CUSC Panel Recommendation vote
28 November 2016	Final CUSC Modification Report submitted to Authority