

## CMP219 – CMP192 Post Implementation Clarifications



Workgroup Meeting 1 – 18 June 2013  
Tushar Singh

## Agenda

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Item	Lead
Introduction and Meeting Objectives	AS
CMP 219 Proposal	TS
Terms of Reference	All
Proposed Implementation	All
Next Steps	AS

## Introduction and Meeting Objectives

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- Introduction
- Meeting Administration
- Process of a CUSC Workgroup
- Acceptance of Terms of Reference
- Lunch

## CMP 219 - Background

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- CMP192 introduced enduring user commitment arrangements for generators into the CUSC
- New arrangements went live from 1<sup>st</sup> April 2013
- However, implementation of CMP192 highlighted that the legal text requires refining
- Raise a 'tidy-up' modification prior to further development of CUSC Section 15 for offshore and non-generation users

## Summary of Defect

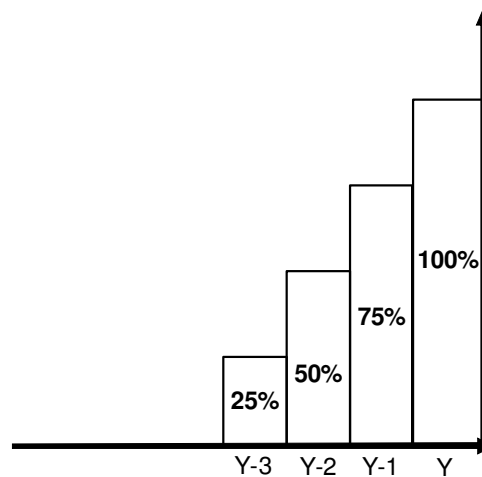
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- Typographical errors
- Numbering inconsistencies
- Redundant text – Transitional arrangements
- More detail needed
- Unintended omissions – non generation users

## Issue 5 – Cancellation Charge profile

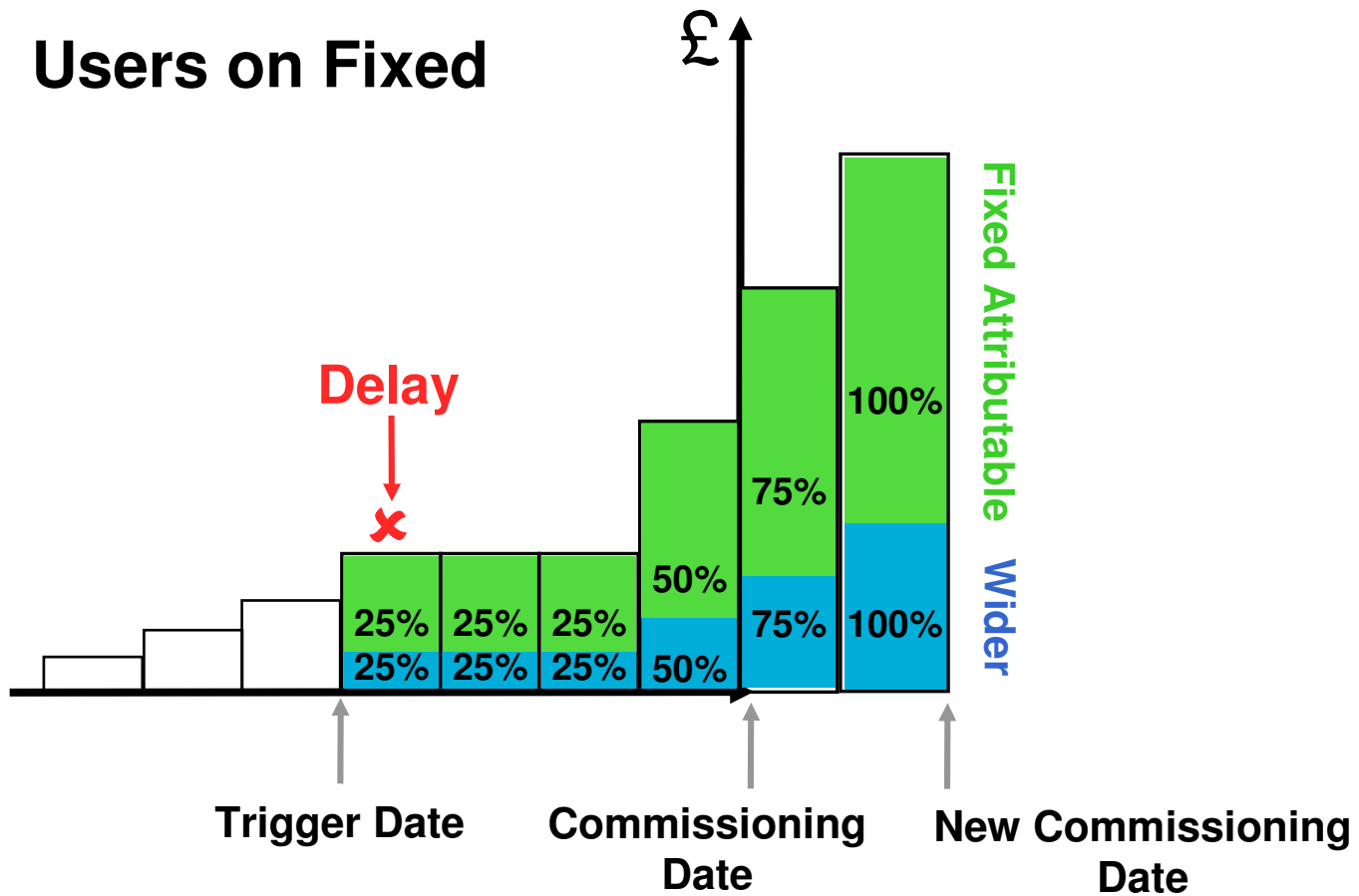
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- Cancellation Charge Profile:

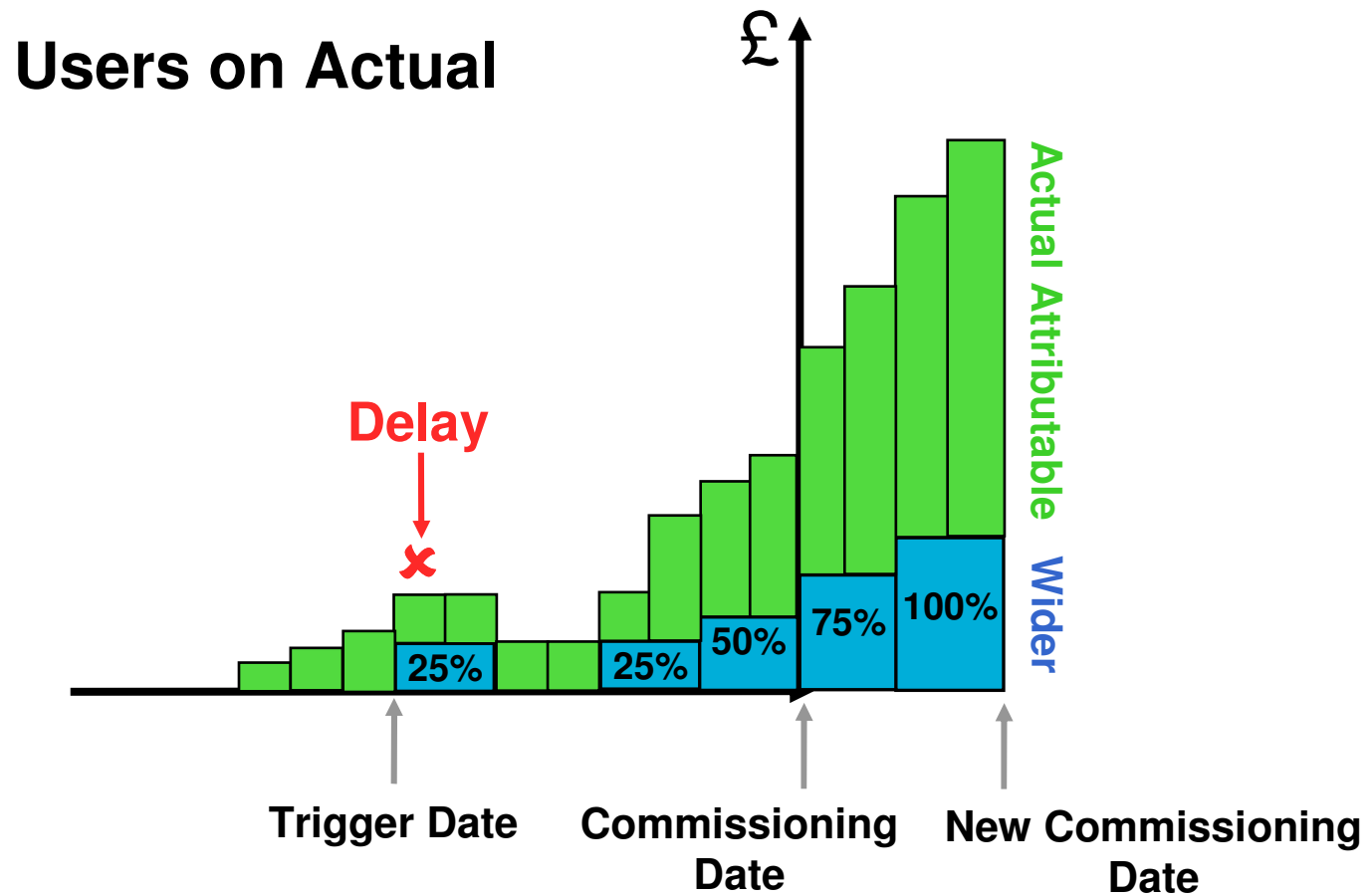


- The Cancellation Charge Profile is meant to remain at the current level if a user delays commissioning
- Unintentionally, the methodology only applies this to users on Fixed liability

# Issue 5 – Cancellation Charge profile



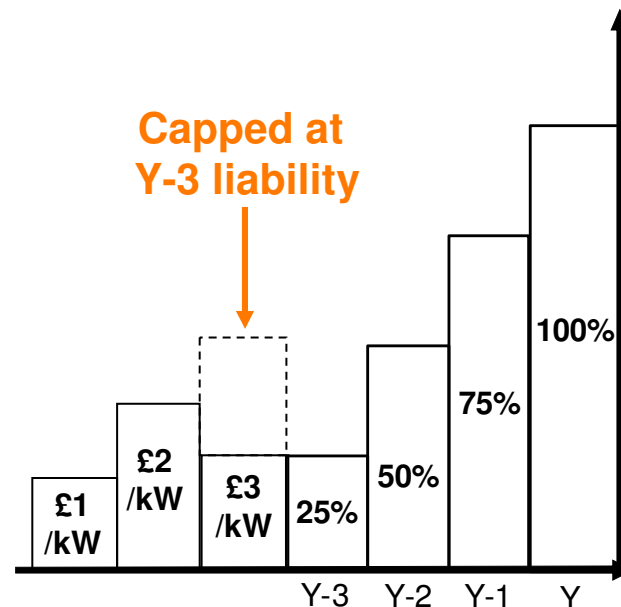
# Issue 5 – Cancellation Charge profile





## Issue 6 – Pre Trigger Date Liability

- For users on the Fixed approach, the generic pre-Trigger Date liability was intended to be capped at the first Cancellation Charge Profile year (i.e. 25%)
- Unintentionally, the methodology only applies this cap to the year preceding the Trigger Date



## Terms of Reference

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- Materiality Analysis – Issues 5 and 6
- Opinion about Self Governance
- Legal Text review

## Issue 5 – Cancellation Charge profile

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Zone	Zone 1	Zone 4	Zone 15
Wider Zonal Unit Liability (£/MW)	£29,221.20	£16,358.15	£342.67

A 1 year delay causes a shortfall of 25% of Wider Unit Liability

Zone	Zone 1	Zone 4	Zone 15
Wider Zonal Unit Liability Shortfall (£/MW)	£7,305.30	£4,089.54	£85.67

Generator Size	Zone 1	Zone 4	Zone 15
100MW	£29,221.20	£16,358.15	£342.67
1500MW	£438,318.00	£245,372.25	£5,140.05

## Issue 5 – Cancellation Charge profile

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Zone	Zone 1	Zone 4	Zone 15
Wider Zonal Unit Liability (£/MW)	£29,221.20	£16,358.15	£342.67

A 4 year delay causes a shortfall of 100% of Wider Unit Liability

Zone	Zone 1	Zone 4	Zone 15
Wider Zonal Unit Liability Shortfall (£/MW)	£29,221.20	£16,358.15	£342.67

Generator Size	Zone 1	Zone 4	Zone 15
100MW	£116,884.80	£65,432.60	£1,370.68
1500MW	£1,753,272.00	£981,489.00	£20,560.20

## Issue 6 – Pre Trigger Date Liability

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- Only relevant to users with -
  - Signing date – on or after 01/04/2012
  - Pre 01/04/2012 users are currently on £3/kW
  
- Example Scenario
  - Trigger Date 01/04/2016

2011	2012	2013	2014	2015	2016
1	2	3	3	3	T
	1	2	3	3	T
		1	2	3	T

## Issue 6 – Pre Trigger Date Liability

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- Current data
  - Total users – 285
  - Users on Fixed - 56
  - Affected Fixed users – 16
  - Range 10MW – 500MW
  - Overall reduction of ~£3m out of ~£70m

## Self Governance Criteria

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- Unlikely to have material effect on:
  - Existing and Future Electricity consumers
  - Competition in generation, distribution and supply of electricity and associated commercial activities
  - Operation of National Electricity Transmission System
  - Matters relating to sustainable development, safety or security of supply or the management of market or network emergencies
  - CUSC governance and modification procedures
- Unlikely to discriminate between different classes of CUSC parties

## Legal Text Review – Paras 3.33 – 3.36

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- 3.33 The cost of a User's attributable works is reduced by a Local Asset Reuse Factor (LARF) along with a Strategic Investment Factor (SIF) and any sharing with other Users to arrive at an attributable liability. The attributable liability is not shared with demand consumers, i.e. it has no User Risk Factor (URF).
- 3.34 The LARF is determined by the TO on a generator-specific basis and represents the transmission assets being constructed for that generator which the TO could potentially reuse on another project. The LARF is generally envisaged to be similar to the GARF unless a project is atypical, this allows for some discussion between developer and the NETSO on a project by project basis.
- 3.35 The SIF is a discount that applies in the event that a TO builds greater capability than is required for the contracted generation connecting to that asset, and is calculated for each circuit/cable/substation as a ratio of total contracted generation capability against transmission asset capability. Sharing with other Users is then included by reducing the TO CapEx pro-rata based on the secured capacity of the other Users.
- 3.36 For example, two pre-commissioning generators of 50MW each trigger an attributable circuit investment. The TO decides the most efficient and economic investment is a 150MW capability circuit costing £30M, with an LARF of 20%. The LARF reduces the cost to 80% and the SIF reduces it to  $(50\text{MW} + 50\text{MW}) / 150\text{MW} = 66\%$ . In this case both generators have a liability for the attributable works of  $£30\text{M} * 80\% * 66\% = £16\text{M}$ . This is then shared between the two generators pro-rata based on their share of the capability ( $50\text{MW} / 100\text{MW}^0$ ), so each has an attributable liability of £8M.



## Legal Text Review – Para 4.168

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### Local Asset Reuse Factor

4.168 The Workgroup discussed the application of the generic Global Asset Reuse Factor to attributable transmission works. The Proposer suggested that attributable works could have a specific figure. This would be more cost reflective and allow the figure to vary as the project progressed. Taking account of the reduction in 'reusability' once transmission assets are installed would allow a higher figure to be applied in some cases prior to construction starting. The Proposer envisaged the specific attributable figure would be detailed along with the attributable TO VAR and communicated to the customer through the agreed process.

## Legal Text Review – Paras 3.41 and 4.69

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3.41 If the project is delayed (by the generator) at any point prior to commissioning by the User, the Cancellation Charge will remain at the existing level before continuing. If the project is delayed at any point prior to commissioning by the TO, the Cancellation Charge will reduce to a previous level consistent with what the profile would have been at that point in time. This may mean that Users move from being within the four year liability period to being within the pre-trigger date £1,2,3/kW period.

### The Treatment of Generator Slippage

4.69 The Workgroup considered the mechanics of pre commissioning generator project slippage and it was noted that this usually occurs during the consenting stage. The Proposer circulated information on how pre commissioning generator project slippage is managed under IGUCM<sup>12</sup>. This

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<sup>12</sup> <http://www.nationalgrid.com/NR/ronlyres/B719C93E-01EC-4CA8-BF52-D3C180C200D5/35852/InterimGenericUserCommitmentMethodologyStatementIs.pdf>

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showed that in the event that a User makes an application to slip their completion date, their Cancellation Amount is frozen at the current level and will rise again in accordance with a new profile until project completion. In the event that National Grid varies the transmission construction programme, the (generator) Cancellation Amount is not frozen but will be reduced to match the new profile. The Proposer believed that similar arrangements should be applicable to CMP192.

## Legal Text Review – Para 10.79

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### *Capping the Advanced Works Amount*

10.79 This aspect caps the generic £1,2,3/kW amount used pre-Trigger Date for the generic attributable liability approach at the level of the Y-4 estimate (i.e. 25% of the attributable liability estimate given to a User in their offer). The Workgroup agreed that this aspect should be common to all Workgroup Alternatives.

## Proposed Implementation

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31 May 2013	Proposal presented to CUSC Panel
4 June 2013	Send out draft Terms of Reference and Workgroup nominations
18 June 2013	Workgroup meeting
24 June 2013	Workgroup Consultation issued to Workgroup
1 July 2013	Deadline for comments
3 July 2013	Issue Workgroup Consultation for 4 weeks
31 July 2013	Workgroup Consultation closes
W/C 5 August 2013	Post-Consultation Workgroup meeting
13 August 2013	Circulate draft Workgroup Report
20 August 2013	Deadline for comments on Workgroup Report
21 August 2013	Submit Workgroup Report to Panel Secretary
30 August 2013	Present Workgroup Report to CUSC Panel
3 September 2013	Issue Code Administrator Consultation for 3 weeks
24 September 2013	Code Administrator Consultation closes
30 September 2013	Issue draft Final Modification Report to industry for 1 week
7 October 2013	Deadline for comment
17 October 2013	Issue draft Final Modification Report with Panel papers
25 October 2013	Panel Determination Vote. Appeal Window opens.
15 November 2013	Appeal Window Closes
2 December 2013	Implementation

## Next Steps

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