

Connection and Use of System Code (CUSC)

Title of the CUSC Modification Proposal
CMP192 Post Implementation Clarifications
Submission Date
22 May 2013
Description of the Issue or Defect that the CUSC Modification Proposal seeks to address
<p>CMP192 'Arrangements for Enduring Generation User Commitment' introduced Enduring User Commitment arrangements for generators in the CUSC from 1 April 2013. Following implementation, it was identified that the legal text needs refining to correct and/or clarify minor drafting issues. Additionally, the text and definitions regarding CMP192 transitional arrangements have become redundant as the transitional arrangements have been completed by National Grid and are no longer needed beyond 31 March 2013.</p> <p>The issues which this proposal aims to address are as follows:</p> <ol style="list-style-type: none">(1) Typographical errors in Section 15, Part 2, paragraph 2.1 and 3.11, and Schedule 2, Exhibits 3 and 3A, paragraph 2.11.(2) Numbering inconsistencies in Section 15, Part 2.(3) Redundant text regarding transitional arrangements in Sections 10, 11 and 15.(4) Paragraph 3.7.1 in Section 15, Part 2 states that for the calculation of Actual Attributable liability, takes 'potential for reuse' and 'strategic benefits' into consideration. However, it does not specify the actual inputs used by National Grid in the calculation, namely the Strategic Investment Factor (SIF) and the Local Asset Reuse Factor (LARF).(5) The intention of the original CMP 192 modification was that users on both 'fixed' and 'actual' liabilities would be treated in the same way when they choose to delay their commissioning date, i.e. the cancellation charge profile would not be adjusted downwards, but would be held at the current level. The current drafting in Section 15, Part 2, paragraph 2.4.3 states that 'fixed' users will be treated in this way, whilst it remains silent on 'actual' users.(6) For users on fixed liabilities the User Commitment methodology intended that prior to the Trigger date, the liability will be lower of the pre Trigger date and post Trigger date amounts. However, the text in Section 15, Part 2, paragraph 3.9 states that this is applicable only for one year before the Trigger date, when the intent was that it should be applicable for all the years before the Trigger date.(7) The implementation of User Commitment methodology modified Schedule 2, Exhibits 3 and 3A and this inadvertently led to removal of text regarding security arrangements for non-

generation users, i.e. relevant text in paragraph 9, and Appendix M.

Description of the CUSC Modification Proposal

This proposal seeks to raise a housekeeping modification to make the necessary changes to the CUSC to refine the legal text related to CMP192 to further clarify the User Commitment Methodology. This would address ambiguities and redundancies in the CUSC regarding CMP192 legal text and reduce the scope for misinterpretation.

It is proposed that the issues described in the previous section are addressed as follows -

- Issues (1), (2) and (3) will be resolved by correcting the typographical errors and numbering inconsistencies, and removing the redundant text related to transitional arrangements.
- Issue (4) will be addressed by including Local Asset Reuse Factor (LARF) and Strategic Investment Factor (SIF) in the context of 'potential for reuse' and 'strategic benefits' respectively, in CUSC Section 15, Part 2, paragraph 3.7.1. Both LARF and SIF have been defined in the CMP 192 Final CUSC Modification Report in paragraphs 3.33-3.36 and 4.168, and have been used by National Grid for this purpose.
- Issue (5) will be dealt by modifying text in Section 15, Part 2, paragraph 2.4.3, to reflect that both 'fixed' and 'actual' users are treated in the same way. This is in accordance with original intent of the User commitment methodology as discussed in paragraphs 3.41 and 4.69 of the CMP 192 Final CUSC Modification Report.
- Issue (6) will be addressed by inclusion of additional text in Section 15, Part 2, paragraph 3.9 to clarify that for users on 'Fixed' liabilities, the liability will be the lower of pre Trigger date amount and post Trigger date amount, for all the years prior to the Trigger date. This is in accordance with paragraph 10.79 of the CMP192 Final CUSC Modification Report.
- Issue (7) will be addressed by adding back the text regarding security arrangements relevant to non-generation users in CUSC Schedule 2, Exhibits 3 and 3A, paragraph 9 and Appendix M, as it existed, prior to CMP 192 implementation.

Impact on the CUSC

The following changes will take place as part of this modification proposal –

- 1) Remove text from Section 10 which covers CMP192 transitional arrangements.
- 2) Remove following definitions in Section 11 related to CMP192 transitional arrangements, as they have become irrelevant post 31/03/2013 –
 - Transitional CMP192 Commissioned Users
 - Transitional CMP192 Commissioned User's Cut Off Date
 - Transitional CMP192 Commissioned User's Notice Date
 - Transitional CMP192 Non-Commissioned Users
- 3) Following changes need to be made to Section 15 –
 - Part 2, paragraph 3.7.1 – The Actual Attributable Works liability refers to 'potential for reuse' and 'strategic benefits'. National Grid uses 'Local Asset Re-use Factor (LARF)'

and 'Strategic Investment Factor (SIF)' which correspond to these two criteria respectively, in the liability calculation. The LARF and SIF are not explicitly mentioned in the paragraph and need to be included.

- Part 2, paragraph 3.11 – Change 'Charging Date' to 'Notification date'
 - Part 2, paragraph 3.12 – remove this paragraph as it covers Transitional CMP 192 Commissioned Users.
 - Correct typographical errors and numbering inconsistencies.
 - Part 2, paragraph 2.4.3 – remove '*in the case of a Fixed Cancellation Charge*' from the paragraph.
 - Part 2, paragraph 3.9 – include 'lower of' in years t=1 and t=2.
- 4) Following changes need to be made to CUSC Schedule 2, Exhibit 3 (Construction Agreement) and Exhibit 3A (Offshore Construction Agreement) –
- Paragraph 2.11 refers to 'Local Cancellation Amount' and 'Fixed Local Cancellation Charge Methodology'. As these terms are not defined in CUSC Section 11, they will be replaced by 'Actual Attributable Works Cancellation Charge' and 'Fixed Attributable Works Cancellation Charge Methodology'.
 - Relevant text in old Exhibits 3 and 3A, paragraph 9 and Appendix M need to be retained for non generation users for whom CMP192 arrangements don't apply.

Do you believe the CUSC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes / No

No

Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information

BSC

Grid Code

STC

Other (please specify)

CUSC Section 15 (CMP192) User Commitment Methodology – Guidance and Implementation Document.

Urgency Recommended: Yes / No

No

Justification for Urgency Recommendation

N/A

Self-Governance Recommended: Yes / No

Yes

Justification for Self-Governance Recommendation

This proposal seeks to tidy-up the legal text related to CMP192 to improve clarity. The majority of the issues being addressed, fall in the non-material category and where issues are material, the changes to the legal text reflect the original intention of the CMP192 workgroup and do not propose anything new.

Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews?

There are no ongoing Significant Code Reviews that we believe have an impact on this proposal.

Impact on Computer Systems and Processes used by CUSC Parties:

None identified.

Details of any Related Modification to Other Industry Codes

None identified.

Justification for CUSC Modification Proposal with Reference to Applicable CUSC Objectives:

Please tick the relevant boxes and provide justification:

(a) the efficient discharge by The Company of the obligations imposed upon it by the Act and the Transmission Licence

The proposal satisfies the above objective, in that it improves the clarity of the User Commitment Methodology, and therefore better facilitates industry understanding about the methodology which will increase efficiency.

(b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.

The proposal satisfies the above objective, in that it clarifies that both categories of users i.e. users on 'fixed' and 'actual' liabilities will be treated in the same way if the delay in commissioning is caused by the user. This removes the scope for discrimination between the two categories and facilitates competition.

(c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.
 These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1.

Objective (c) was added in November 2011. This refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Additional details

Details of Proposer: (Organisation Name)	National Grid Electricity Transmission Plc
Capacity in which the CUSC Modification Proposal is being proposed: (i.e. CUSC Party, BSC Party or "National Consumer Council")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Tushar Singh National Grid Electricity Transmission Plc 01926 656829 tushar.singh@nationalgrid.com
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Attachments (Yes/No): No.	