

Stage 06: Final CUSC Modification Report

Connection and Use of System Code (CUSC)

CMP221 - Interruption compensation in the absence of market suspension during a Partial Shutdown

What stage is this
document at?

| | |
|----|---------------------------------|
| 01 | Initial Written Assessment |
| 02 | Workgroup Consultation |
| 03 | Workgroup Report |
| 04 | Code Administrator Consultation |
| 05 | Draft CUSC Modification Report |
| 06 | Final CUSC Modification Report |

This CUSC Modification Proposal seeks to extend the existing CUSC Interruption Payments to cover Settlement Periods during a Partial Shutdown where market operations continue.

Published on:

12 December 2013



The CUSC Panel recommends that:

CMP221 should be implemented as it better facilitates
Applicable CUSC objective (b)



High Impact:

None Identified



Medium Impact:

CUSC Parties, BSC Parties, National Grid Electricity
Transmission plc



Low Impact:

None Identified

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Any Questions?

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National Grid Electricity
Transmission plc

About this document

This is a the Final CUSC Modification Report for CMP221 which has been prepared and issued by National Grid as Code Administrator under the rules and procedures specified in the CUSC. The purpose of this document is to assist the Authority in their decision whether to implement CMP221.

Document Control

| Version | Date | Author | Change Reference |
|---------|--------------------------------|--------------------|--------------------------------------|
| 1.0 | 12 th December 2013 | Code Administrator | Version for submission to Authority. |

1 Summary

- 1.1 This document describes the CMP221 Modification Proposal and seeks views from industry members relating to the proposal.
- 1.2 CMP221¹ was proposed by National Grid Electricity Transmission plc (NGET) and submitted to the CUSC Modifications Panel for their consideration on 27th September 2013. The Panel determined that the proposal should be sent to the Code Administrator Consultation phase and that they should report back to the CUSC Modification Panel in November 2013.
- 1.3 BSC modification P276 (taking effect from March 2014) introduces the concept of a Partial Shutdown under which normal electricity market operations continue to function. Providing that none of the criteria for market suspension are reached, this allows a Black Start direction to be issued without suspending normal BSC market operations. Following P276, parties who lose access to the transmission system, during a Partial Shutdown with no market suspension, will be subject to imbalance price costs without any means of compensation, whereas previously their contract positions for the relevant Settlement Periods would be nullified as part of the market suspension.
- 1.4 CMP221 seeks to amend the 'Allowed Interruption' definition and, through the existing arrangements for Interruption Payments, allow generators and interconnector owners to claim payments for loss of transmission access for Settlement Periods where a Partial Shutdown does not coincide with a Market Suspension Period.
- 1.5 The Code Administrator Consultation closed on the 5th November 2013 and received five responses; these can be found in Annex 3. Of those received three responses supported the implementation of 10 business days after an Authority decision and two suggested that implementation should be aligned to the BSC Modification P276 implementation date of the 31st March 2014.
- 1.6 This CUSC Modification Report has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid website at www.nationalgrid.com/uk/Electricity/Codes, along with the CUSC Modification Proposal form

National Grid's View

- 1.7 National Grid believes that CMP221 will better facilitate applicable objective (b). The proposed expansion of eligibility for Interruption Payments will ensure that impacted generators and interconnector owners, who are subject to imbalance exposure on their contracted positions due to a loss of transmission access, are treated consistently.

CUSC Modifications Panel's Recommendation

- 1.8 At their meeting on 29th November 2013 the CUSC Panel voted unanimously that CMP221 better facilitates the Applicable CUSC Objectives and so should be implemented. Further details of the voting can be found in Section 6.

¹ <http://www.nationalgrid.com/NR/rdonlyres/6616549F-9283-4397-A2D8-5F7C9BCBB8E3/62443/CMP221.pdf>

2 Why Change?

- 2.1 Balancing and Settlement Code (BSC) Modification P276: 'Introduce an additional trigger/threshold for suspending the market in the event of a Partial Shutdown' (to be implemented on 31st March 2014) introduces the concept of a Partial Shutdown under which normal electricity market operations continue to function. Prior to BSC Modification P276, a declaration (by National Grid) of a Partial Shutdown would initiate suspension of the Balancing Mechanism (BM) (and all contractual and credit positions), establishing a single imbalance price and the central dispatch of generation.
- 2.2 Under BSC Modification P276, normal market operations will only be suspended (a Market Suspension Period) following a Partial Shutdown, if a specified Market Suspension Threshold is met or deemed to have been met. The threshold will be met or deemed to have been met if at any point during the Partial Shutdown:
 - 2.2.1 National Grid determines that the cumulative impact of the Partial Shutdown is equal to or greater than the amount stated in the BSC (currently 5% of National Demand lost from the Transmission System);
 - 2.2.2 National Grid no longer has sufficient pre-shutdown forecast data to accurately determine the amount of demand lost; or
 - 2.2.3 72 hours have elapsed since the Partial Shutdown was declared.
- 2.3 During a Partial Shutdown, parties which are dispatched through black start instructions issued by National Grid are eligible to claim black start compensation under the BSC. However, Affected Users (generators and interconnector owners) who lose access to the Transmission System through power loss will not be eligible for any payment and if the market continues will be unable to take actions to correct their positions and will be subsequently exposed to imbalance against their contract volumes. Existing arrangements for loss of transmission access as a result of a system event are dealt with under CUSC Interruption Payments, from which interruptions due to Total or Partial Shutdown are currently excluded.
- 2.4 The majority of the P276 Workgroup Members recommended that the existing CUSC interruption payment provision should be extended to cover Settlement Periods during a Partial Shutdown where market operations continue.

3 Solution

- 3.1 This modification seeks to provide a means for Affected Users (generators and interconnector owners) to claim payment for loss of transmission access for Settlement Periods where there is a Partial Shutdown with no market suspension.
- 3.2 The definitions provided under Section 11 of the CUSC set out the calculations for determining the level of interruption payments and the circumstances where they apply. Interruptions can be classed as Relevant or Allowed Interruptions, payments may be claimed in the case of Relevant Interruptions. The definition of Allowed Interruptions, lists those interruption occurrences that are not eligible for Interruption Payment, currently including “a Total or Partial Shutdown”.
- 3.3 This modification seeks to amend the definition of “Allowed Interruption” within Section 11, to specify that Partial Shutdowns are exempt from payment provisions for periods of Interruption that coincide with a Market Suspension Period. For clarity, the term “Market Suspension Period” will be introduced into the definitions under Section 11 referencing the definition in the BSC, in accordance with the provisions stipulated in P276. By implication, this will expand the definition of a Relevant Interruption to include periods of Partial Shutdown that do not coincide with market suspension.
- 3.4 If the Affected User had in some way contributed to the Partial Shutdown they would not be eligible for Interruption Payment (the definition of Interruption requires that the occurrence must be solely due to de-energisation or a de-energisation instruction).

4 Impacts

Impact on the CUSC

- 4.1 CMP221 requires amendments to the following parts of the CUSC:
- Section 11 Interpretation and Definitions, definition of “Allowed Interruption” will need to be amended, and for clarity the introduction of the term “Market Suspension Period”
- 4.2 By implication the scope of a ‘Relevant Interruption’ will be expanded to include periods where interruption due to a Partial Shutdown does not coincide with Market Suspension.
- 4.3 The text required to give effect to this proposal is contained in Annex 1 of this document.

Impact on Greenhouse Gas Emissions

- 4.4 The proposer has not identified any material impacts on Greenhouse Gas Emissions

Impact on Core Industry Documents

- 4.5 The proposer has not identified any impacts on Core Industry Documents.

Impact on other Industry Documents

- 4.5 A query was raised in the CUSC Panel meeting concerning whether or not there is a potential interaction between CMP221 and the potential Electricity Market Reform (EMR) Force Majeure clause in the Capacity Market arrangements. CMP221 seeks to resolve the inconsistency in interruption payment arrangements for loss of transmission access created by P276 which introduced the concept of market continuation during a Partial Shutdown. It is not anticipated that the changes detailed in this modification are impacted by or impact the Capacity Market proposals for Force Majeure arrangements. The Department of Energy and Climate Change (DECC) may choose to consider how to treat the new scenario introduced by P276 (of market continuation during a Partial Shutdown) when determining the Capacity Market rules, which currently does not explicitly fall under the proposed delivery penalty exceptions (Elexon’s consultation response states they will flag the change in BSC rules to DECC as part of their EMR consultation response).

Costs

| Industry costs (Standard CMP) | |
|-------------------------------|---|
| Resource costs | £3,630 – 1 Consultation <ul style="list-style-type: none">• 1.5 man days effort per consultation response• 4 consultation respondents |

| | |
|----------------------|---------------|
| Total Industry Costs | £3,630 |
|----------------------|---------------|

5 Proposed Implementation

5.1 National Grid initially proposed CMP221 should be implemented 10 business days after an Authority decision, in accordance with 8.22.10 (b) of the CUSC. Three of the five Code Administrator Consultation respondents agreed with this approach with the remaining respondents suggesting that CMP221 should be aligned to BSC P276 implementation date of 31st March 2014. The Proposor agrees that 31st March 2014 is the most appropriate implementation date for consistency with the related BSC and Grid Code changes.

6 The Case for Change

Assessment against Applicable CUSC Objectives

6.1 For reference, the Applicable CUSC objectives are:

- (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence;
- (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.
- (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

National Grid's View

6.2 National Grid supports the implementation of CMP221 as it will better facilitate applicable objective (b). The proposed expansion of eligibility for Interruption Payments will ensure that impacted generators and interconnector owners, who are subject to imbalance exposure on their contracted positions due to a loss of transmission access, are treated consistently. CMP221 is neutral in respect to applicable objective (c).

CUSC Modifications Panel Recommendation

6.2 At their meeting on 29 November 2013 the CUSC Panel voted unanimously that CMP221 better facilitates the Applicable CUSC Objectives and so should be implemented. Details of the voting are set out in the table below:

| Panel Member | Better facilitates ACO (a) | Better facilitates ACO (b)? | Better facilitates ACO (c)? | Overall (Y/N) |
|----------------|----------------------------|-----------------------------|-----------------------------|---------------|
| Paul Jones | Neutral. | Yes, it removes ambiguity. | Neutral. | Yes. |
| Michael Dodd. | Neutral. | As above. | Neutral. | Yes. |
| Simon Lord | Neutral. | As above. | Neutral. | Yes. |
| Garth Graham | Neutral. | As above. | Neutral. | Yes. |
| Paul Mott | Neutral. | As above. | Neutral. | Yes. |
| James Anderson | Neutral. | As above. | Neutral. | Yes. |
| Ian Pashley | Neutral. | As above. | Neutral. | Yes. |
| Paul Jones | Neutral. | As above. | Neutral. | Yes. |

| | | | | |
|-------------|----------|-----------|----------|------|
| Bob Brown | Neutral. | As above. | Neutral. | Yes. |
| Kyle Martin | Neutral. | As above. | Neutral. | Yes. |

7 Summary of Responses

7.1 Five responses were received to the Code Administrator Consultation which closed on the 29th October 2013. The full responses can be found in Annex 3.

| Company | Views against ACOs | Interaction with Capacity Market | Implementation | Self-governance |
|---|--|---|--|---|
| VPI Immingham (formerly Immingham CHP) | CMP221 better facilitates ACO (a) | Yes, believe interactions with the Capacity Mechanism should be considered. | Yes, supports implementation approach. | No, does not meet Self-governance criteria. |
| IBM UK Ltd on behalf of ScottishPower Energy Management Ltd | CMP221 better facilitates ACO (b) | No | Yes, supports implementation approach. | No, does not meet Self-governance criteria. |
| ELEXON Ltd | CMP221 better facilitates ACO (b) | Indirectly, these should be considered by DECC when formulating its Capacity Market arrangements. | No, proposes that the CUSC implementation date for CMP221 should be 31 st March 2014, inline with the BSC & Grid Code approved changes. | No, does not meet Self-governance criteria. |
| SSE | CMP221 better facilitates ACO (b); and neutral for ACO (a) and (c) | Mindful that the Capacity Market arrangements are currently being developed. | No, clear linkage to BSC P276 change and should be aligned to 31 st March 2014 implementation date. | No, does not meet Self-governance criteria. |
| EDF | CMP221 better facilitates ACO (b) and (c). | Not at this stage. | Implemented as soon as possible and with 10 business days. | Yes, meets Self-governance criteria. |

Connection and Use of System Code (CUSC)

Title of the CUSC Modification Proposal

Interruption compensation in the absence of market suspension during a Partial Shutdown

Submission Date

19 September 2013

Description of the Issue or Defect that the CUSC Modification Proposal seeks to address

The 'Allowed Interruption' definition lists circumstances under which a User is excluded from the CUSC loss of transmission access provisions. Consequential to Balancing and Settlements Code (BSC) Modification P276, this modification will extend the CUSC compensation provisions to apply to affected generators where market operations continue concurrently with a Partial Shutdown.

P276 (to be implemented on 31st Mar 2014) introduces the concept of a Partial Shutdown under which normal electricity market operations continue to function. Prior to P276, a declaration (by National Grid) of a Partial Shutdown would initiate suspension of the Balancing Mechanism (BM) (and all contractual and credit positions), establishing a single imbalance price and the central dispatch of generation.

Under P276, normal market operations will only be suspended, and a Market Suspension Period will only exist, in the event of a Partial Shutdown if any of the criteria for the Market Suspension Threshold are met or deemed to be met. The criteria include: (1) National Grid determines that the cumulative impact of the Partial Shutdown is equal to or greater than the amount stated in the BSC (currently 5% of National Demand lost from the Transmission System); (2) National Grid no longer has sufficient pre-shutdown forecast data to accurately determine the amount of demand lost; or (3) 72 hours have elapsed since the Partial Shutdown was declared.

During a Partial Shutdown, parties which are dispatched through black start instructions issued by National Grid are eligible to claim black start compensation under the BSC. However, generators who lose access to the Transmission System through power loss will not be eligible for any compensation and if the market continues will be unable to take actions to correct their positions and will be subsequently exposed to imbalance against their contract volumes. Existing arrangements for loss of transmission access as a result of a system event are dealt with under CUSC Interruption Payments, from which interruptions due to Total or Partial Shutdown are currently excluded.

The majority of the P276 workgroup members recommended that the existing CUSC compensation provision should be extended to cover Settlement Periods during a Partial Shutdown where market operations continue. As such it is recommended that this progresses as a Standard Modification Proposal and proceeds straight to Code Administrator Consultation under CUSC governance procedures.

Description of the CUSC Modification Proposal

Prior to P276, due to market suspension, Users impacted by a Total or Partial Shutdown would be compensated through nullification of any contract positions and settlement of their generation volume at the single imbalance price. P276 enables the market to continue to operate during a Partial Shutdown providing that none of the criteria for market suspension are met, or deemed to have been met. Hence, for a Settlement Period during which a Partial Shutdown is invoked but there is no corresponding Market Suspension Period, a User who is subject to imbalance due to the Partial Shutdown will be exposed to dual imbalance prices and currently has no means of compensation.

The CUSC definition of an Allowed Interruption excludes any Partial Shutdown event from eligibility for compensation claims by a User who has lost access to the Transmission System. This modification proposes to amend the 'Allowed Interruption' definition and allow claims for loss of transmission access for Settlement Periods where a Partial Shutdown does not coincide with a Market Suspension Period.

Impact on the CUSC

The Section 11 definition of "Allowed Interruption", will need to be amended to specify that Partial Shutdowns are exempt from compensation provisions for periods of Interruption that coincide with a Market Suspension Period, as defined in the BSC, in accordance with the provisions stipulated in P276. For clarity, the term "Market Suspension Period" will be introduced into the definitions under Section 11 referencing the definition in the BSC.

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)

Urgency Recommended: Yes / No

No.

Justification for Urgency Recommendation

N/A

Self-Governance Recommended: Yes / No

No.

Justification for Self-Governance Recommendation

N/A

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

Yes.

Impact on Computer Systems and Processes used by CUSC Parties:

N/A

Details of any Related Modification to Other Industry Codes

Consequential to BSC Modification P276
Also consequential Grid Code Mod GC0044.

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

(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 modification will better facilitate applicable objective (b), as expansion of the definition for Interruption compensation claims, to allow for periods during Partial Shutdown where the market continues, ensures that Generators who lose access to the Transmission System are consistently and appropriately compensated for costs associated with their imbalance exposure.

(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.

Neutral.

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: | Sally Lewis National Grid 01926 656 984 sally.lewis@nationalgrid.com |
| Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address: | Alex Haffner National Grid 01926 655 838 alex.haffner@nationalgrid.com |
| Attachments (Yes/No): Yes. 1 Page. Legal text. | |

Annex 2 – Proposed Legal Text

Section 11

“**Allowed Interruption**” shall mean an **Interruption** as a result of any of the following:

- a) an **Event** other than an **Event** on the **National Electricity Transmission System**;
- b) an event of **Force Majeure** pursuant to Paragraph 6.19 of the **CUSC**;
- c)
 - (i) a **Total Shutdown** ~~or Partial Shutdown~~
 - (ii) a **Partial Shutdown**, but only for any period of **Interruption** which coincides with a **Market Suspension Period**;
- d) action taken under the **Fuel Security Code**;
- e) **Disconnection** or **Deenergisation** by or at the request of **The Company** under Section 5 of the **CUSC**, except in the case of an **Emergency Deenergisation Instruction**;
- f) the result of a direction of the Authority or **Secretary of State**;
- g) tripping of the **User’s Circuit Breaker(s)** following receipt of a signal from a **System to Generator Operational Intertripping Scheme** which has been armed in accordance with Paragraph 4.2A.2.1(b).

or if provided for in a **Bilateral Agreement** with the affected **User**;

“**Market Suspension Period**” as defined in the **Balancing and Settlement Code**;

Annex 3 – Code Administrator Consultation Responses

| | |
|--|--|
| Respondent: | Gary Henderson; electricityspoc@scottishpower.com |
| Company Name: | IBM UK Ltd on behalf of ScottishPower Energy Management Ltd |
| Do you believe that CMP221 better facilitates the Applicable CUSC Objectives? Please include your reasoning. | <p>For reference, the Applicable CUSC objectives are:</p> <ul style="list-style-type: none"> (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; (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. (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. <p>We agree with the Proposer, that extending the compensation arrangements to cover a Partial Market Shutdown will better benefit Objective b. This Modification will enable generators who are disadvantaged due to a Partial Shutdown to get compensation for losses arising from conditions beyond their control. This ensures that undue costs are not assigned to generators, costs which would be passed onto suppliers and consumers, reducing competition.</p> |
| Do you believe that there are any interactions with the Capacity Market arrangements please explain? | No |
| Do you consider that CMP221 meets the Self-governance criteria? Please provide reasons for your view | No. The Proposer states that there will be a (positive) competition impact as a result of the Modification, effectively ruling it out from self-governance. |
| Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible. | Yes |
| Do you have any other comments? | No |

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| Respondent: | <i>Garth Graham (garth.graham@sse.com)</i> |
| Company Name: | SSE |
| Do you believe that CMP221 better facilitates the Applicable CUSC Objectives? Please include your reasoning. | <p>For reference, the Applicable CUSC objectives are:</p> <ul style="list-style-type: none"> (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; (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. (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. <p>Yes. It is clear, in our view, that CMP221 does better facilitate Applicable Objective (b) for the reason set out in National Grid's view, namely:-</p> <p>"...as expansion of the definition for Interruption compensation claims to allow for periods during Partial Shutdown where the market continues, will ensure that Generators who lose access to the Transmission System are consistently and appropriately compensated for costs associated with their imbalance exposure. "</p> <p>In respect of facilitating Applicable Objectives (a) and (c) in our view CMP221 is neutral.</p> |
| Do you believe that there are any interactions with the Capacity Market arrangements please explain? | We do not at this stage envisage this will be the case. However, we are mindful that the Capacity Market arrangements are currently being developed and could change. In addition the impact maybe more on the BSC than the CUSC. |
| Do you consider that CMP221 meets the Self-governance criteria? Please provide reasons for your view | We concur the Panel's view that CMP221 does meet the Self-Governance Criteria. |
| Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible. | No. In our view, given the clear linkage to the associated BSC P276 change (which is due to be implemented on 31 st March 2014) there is a strong case for the implementation of CMP221 to be aligned with that; i.e. 31 st March 2104, rather than ten days after an Authority decision. |
| Do you have any other comments? | Nothing further at this time. |

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| Respondent: | Maureen McCaffrey Email: mmccaffrey@vpi-i.com |
| Company Name: | VPI Immingham (formerly Immingham CHP) |
| Do you believe that CMP221 better facilitates the Applicable CUSC Objectives? Please include your reasoning. | <p>Subject to our concern to examine the wider implications of the proposal as set out below, we believe that CMP221 will facilitate applicable objective (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by the transmission licence.</p> <p>This is because the change proposal will extend the arrangements for interruption compensation claims to the instance of a partial shutdown but where the market continues. This will make the compensation arrangements consistent with those for loss of transmission access outside the allowed interruptions arrangements.</p> <p>We note that, under the current arrangements, a loss of transmission access during a partial shutdown where the market continues to operate will result in generators receiving no compensation and being exposed to imbalance charges against their contract volumes. The proposal seeks to rectify what appears to be an anomalous situation following the implementation of BSC proposal P296.</p> <p>That said there should be a sanity check that implementation of the proposal will fully align with the Capacity Mechanism design before a decision to implement is taken.</p> |
| Do you believe that there are any interactions with the Capacity Market arrangements please explain? | <p>It is not clear on the basis of the information provided. However, we believe that interactions with the Capacity Mechanism should be considered by the workgroup in order that any relevant wider implications of the proposal, included any unintended consequences, can be identified and taken into account.</p> <p>We note that as part of the Panel discussion of the proposal a concern was raised regarding the possible interactions with the potential force majeure clause in the Capacity Market arrangements. The nature of this concern was not made explicit in the consultation; however, we believe any such concerns should be explained and examined.</p> <p>We also note that the code administrators consultation was issued prior to DECC's publication of its consultation on EMR implementation proposals on 10 October. This new information should be taken into account when considering the potential impacts of the proposal. In particular there needs to be explicit acknowledgement that in the event of a partial shutdown under CUSC the generator is protected from capacity market penalties arising from non-delivery.</p> |
| Do you consider that CMP221 meets the Self-governance | No, we do not believe this proposal meets the self-governance criteria because of the need to consider interactions with the |

| | |
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| criteria? Please provide reasons for your view | Capacity Market, as considered above. |
| Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible. | Yes. Implementation is proposed 10 business days after an Authority decision, which is appropriate. This is subject to the proviso that the Authority should not reach such a decision until it is satisfied that there are no unintended consequences for the Capacity Market development work. |
| Do you have any other comments? | No |

CUSC Code Administrator Consultation Response Proforma

CMP221 - Interruption compensation in the absence of market suspension during a Partial Shutdown

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 29th October 2013** to cusc.team@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its recommendation to the Authority.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

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| Respondent: | Kathryn Coffin, Senior Market Advisor kathryn.coffin@elexon.co.uk |
| Company Name: | ELEXON Ltd, Balancing and Settlement Code Company |
| Do you believe that CMP221 better facilitates the Applicable CUSC Objectives? Please include your reasoning. | Yes, we agree that CMP221 better facilitates competition and Applicable CUSC Objective (b) for the reasons given by the CUSC Panel in the consultation document. |
| Do you believe that there are any interactions with the Capacity Market arrangements please explain? | <p>Indirectly. However we believe that these are for consideration by DECC in the first instance when formulating its Capacity Market arrangements and do not impact the implementation of P276 or the progression of CMP221 (which are delivering the intended BSC and CUSC solutions).</p> <p>We understand that DECC's proposed Capacity Market arrangements will require generators to be available with certain exceptions. DECC's recent Electricity Market Reform (EMR) consultation states the following:</p> <p><i>"It is proposed that there should only be limited delivery exceptions provided for force majeure events outside of a provider's control, as to do otherwise would weaken delivery incentives and be unnecessarily costly for end consumers. A provider's delivery obligation will be suspended, and no penalties will apply where:</i></p> <ul style="list-style-type: none"> • <i>a unit has been prevented from delivering due to transmission constraints by National Grid;</i> • <i>the electricity market has been suspended (under Section G of</i> |

| | |
|---|---|
| | <p><i>the Balancing and Settlement Code); or</i></p> <ul style="list-style-type: none"> <i>• a new plant has been delayed in commissioning due to Transmission Owner or Distribution Network Operator’s delays in providing a connection to the transmission or distribution network.</i> <p><i>No further exceptions are proposed to be made in respect of force majeure situations. This position replicates the Balancing and Settlement Code’s treatment of contingencies, which is important given the interaction between the Capacity Market’s penalty regime and cash out incentives.”</i></p> <p>Following the implementation of P276, there could be a Partial Shutdown in which the contingency provisions of BSC Section G apply but in which the market is not suspended. We will flag this change in the BSC rules to DECC as part of our EMR consultation response.</p> <p>We do not believe that this impacts the progression of CMP221. CMP221 simply ensures that generators who lose their transmission access during a Partial Shutdown in which the market continues are compensated under the CUSC in the same way as they would be for other types of Relevant Interruption in which there is no market suspension.</p> |
| <p>Do you consider that CMP221 meets the Self-governance criteria? Please provide reasons for your view</p> | <p>No.</p> <p>CMP221 relates to financial compensation for Parties. We therefore agree with the CUSC Panel that it has a material impact on competition and should be assessed by Ofgem.</p> |
| <p>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</p> | <p>No.</p> <p>The consultation proposes an Implementation Date for CMP221 of 10 Business Days after approval. The Implementation Date for approved BSC Modification P276, and for the approved consequential Grid Code changes (GC0044), is 31 March 2014.</p> <p>We believe that the CUSC provisions should be implemented at the same time as the approved changes to the BSC and Grid Code, otherwise there is a risk that either:</p> <ul style="list-style-type: none"> • The CMP221 CUSC provisions are implemented earlier than P276 and introduce references to a BSC definition of Market Suspension Period which does not yet exist; or • The CMP221 CUSC provisions are implemented later than P276, giving a period of time in which generators would be unable to claim CUSC Interruption Payments should there be a Partial Shutdown but no Market Suspension Period. <p>We therefore propose that the CUSC Panel recommends an Implementation Date for CMP221 of 31 March 2014.</p> |

**Do you have any other
comments?**

No.

CUSC Code Administrator Consultation Response Proforma

CMP221 - Interruption compensation in the absence of market suspension during a Partial Shutdown

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5pm on 29th October 2013** to cusc.team@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its recommendation to the Authority.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

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| Respondent: | <i>John Costa</i> |
| Company Name: | <i>EDF Energy Plc</i> |
| Do you believe that CMP221 better facilitates the Applicable CUSC Objectives? Please include your reasoning. | <p>Yes. This proposal will allow generators who were caught within the partial shutdown zone to be able to claim compensation for being interrupted. This makes sense as the market is still continuing in this situation and therefore generators who are disconnected from the system should be able to apply for compensation. It should therefore facilitate relevant objectives b and c below.</p> <p>However, we disagree with the assertion on page 7 of the consultation that generators will be able to be compensated for the costs of their imbalance exposure. It is more the fact that generators will be able to apply for the level of compensation available, as it doesn't always cover generator's full imbalance exposure.</p> <p>Relevant CUSC Objectives</p> <ul style="list-style-type: none"> (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; (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. (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. |

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| <p>Do you believe that there are any interactions with the Capacity Market arrangements please explain?</p> | <p>Not at this stage as the Force Majeure definition under the current Capacity Market Rules (Section 523 of EMR Implementation Consultation) includes “Transmission Constraints” as a valid reason for being exonerated from the Capacity Market penalties. We would expect this to cover any form of interruption, both Allowed and Relevant Interruptions.</p> |
| <p>Do you consider that CMP221 meets the Self-governance criteria? Please provide reasons for your view</p> | <p>Yes – the change is straight forward and clear enough to be treated as self-governance by the CUSC Panel.</p> |
| <p>Do you support the proposed implementation approach? If not, please state why and provide an alternative suggestion where possible.</p> | <p>We agree that this modification should be implemented as soon as possible following an Authority decision and within 10 business days.</p> |
| <p>Do you have any other comments?</p> | <p>No.</p> |