

# CMP239 - Grandfathering arrangements for the small generator discount



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## Small Generator Discount

- Small generators in Scotland connected at 132kV currently receive a discount to TNUoS charges
- Intended to provide a level playing field for generators who were obligated to connect at 132kV
- These generators would have had the option to connect to the distribution system in England and Wales and avoid these charges
- Licence condition expires in March 2016 – No alternative solution has been proposed



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## Proposal

- Amend the CUSC to introduce “grandfathering” arrangements
  - For existing ‘eligible’ generators
  - For new generators connecting before 31<sup>st</sup> March 2016
- Avoid a situation where eligible generators are faced with a sudden significant increases in charges
- Intended to recognise that no enduring solution has been implemented
- Arrangements intended to endure until the 132kV system in Scotland is designated as Distribution
- Post March 2016 connections would not be eligible for the discount



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## Benefits of CMP239

- seeks to reflect the reasonable expectation of generators currently eligible for the discount that revised arrangements would be put in place following the known need to address this issue
- balances the objective to ensure the charging methodology is cost reflective with the impacts on competition if the discount is allowed to expire suddenly
- avoids detrimental impacts on competition from large rises in costs to currently eligible generators
  - commercial decisions have been made on the reasonable assumption of replacement arrangements
  - a 50MW onshore wind farm would see an increase in TNUoS costs of £448,000/ year based on the current £8.96/kW discount
  - 25 generators in Scotland and 5 offshore currently in receipt, approximately 16 new projects with 1.2GW of capacity due to connect before 1 April 2016



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## Relevant Objectives

- Use of system charging methodology
- a). that compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
- c). that, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses.

