

CMP240 'Amending the Cancellation Charge liability within a CMP213 Judicial Review Period'

Summary of Modification Proposal

Background

CMP213 'Project TransmiT TNUoS Developments'

CMP213 'Project TransmiT TNUoS Developments' was raised by National Grid in June 2012 as a result of Ofgem's Significant Code Review of transmission charging arrangements. A Workgroup of industry experts was appointed to develop CMP213 covering three potential areas;

- To better reflect the costs and benefits imposed by different types of generators on the electricity transmission network
- To take into account the potential Scottish island links that are being considered
- To take account of the development of 'bootstrap' High Voltage Direct Current (HVDC) links

The CMP213 Workgroup developed a range of options for change; these were presented to the Authority within the Final Modification Report in June 2013.

Having considered all the evidence received from the Final CUSC Modification Report, impact assessment and consultations, the Authority decided to approve the option known as WACM2 in July 2014 and directed the Code Administrator to implement this on 1 April 2016.

Judicial Review

Ofgem provided an update on their website on 28 November 2014 stating;

"RWE has issued a judicial review of our decision on changes to how electricity transmission charges are calculated (CMP213). We (and industry) have consulted extensively over the past four years on this project. We are defending our decision and have submitted our summary grounds in response to the claim on 19th November. The next stage is for the Court to consider whether or not to grant RWE permission to apply for judicial review. We will publish a further statement on our website in the event that permission is granted. Our decision is publically available on our website."

Cancellation Charges

Generators wishing to reduce a Transmission Entry Capacity (TEC) or submit a Notice of Disconnection at a power station on or after that station's Charging Date are liable to pay a Cancellation Charge if they provide less than a year's notice.

Proposed Modification

CMP240 seeks to amend the Cancellation Charge liability where notice is given within one Financial Year to disconnect or reduce TEC effective at the start of the CMP213 Financial Year' (i.e. the year in which CMP213 is directed by the Authority to take effect), where that notice is given within a 'CMP213 Judicial Review Period'.

The 'CMP213 Judicial Review Period' means the period of 20 business days (inclusive) from the day on which (having exhausted all appeals) the judicial review proceedings against the Authority's decision to approve CMP213 are concluded.

During these 20 days, generators are permitted to reduce their TEC or submit a Notice of Disconnection for a power station on or after their station's Charging Date with no Cancellation Charge in respect of Section 15 of the CUSC providing the year is that year preceding the 'CMP213 Financial Year'.

Proposer's view

National Grid believes that CMP240 better facilitates Applicable CUSC Objective (a) as it facilitates the implementation of CMP213 on 1 April 2016. National Grid also believes that CMP240 better facilitates Applicable CUSC Objective (b) by assisting generators in making informed decisions in appropriate timescales and reduces market uncertainty leading to reduced risk premiums.

CUSC Panel discussions

The Panel debated whether CMP240 should be sent to a Workgroup or progressed straight to Code Administrator consultation. Some Panel Members felt that a Workgroup should be established to allow Alternatives to be developed to the original proposal, but that the Workgroup should be subject to urgent timescales. However, the Panel agreed by majority (5 out of 9 Panel members) that subject to amendments to the proposed legal text, CMP240 should proceed directly to Code Administrator Consultation for an extended period of 22 Working Days.

Getting in touch

Please note that the CMP240 Code Administrator Consultation closes on 9 January 2015. Details on how to respond can be found within the CMP240 Code Administrator Consultation document.

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