

Stage 02: Final CUSC Modification Report (Self-Governance)

Connection and Use of System Code

CMP258

‘Rewording of the legal text to align the CUSC with the intentions of CMP235/6’

What stage is this document at?

01

Code Administrator Consultation

02

Draft CUSC Modification Report

03

Final CUSC Modification Report

CMP258 seeks to make minor amendments to the CUSC legal text so that it reflects the true intentions of the implemented modification CMP235/6.

| | |
|-----------------------------------|---|
| Published on: | 8 th March 2016 |
| Date of Panel Determination vote: | 26 th February 2016 |
| Implementation: | 22 nd March 2016 (pending appeals) |



Panel Determination:

The Panel unanimously agreed that CMP258 should be implemented as it better facilitates Applicable CUSC Objective (a).



Implementation:

CMP258 will be implemented on 22nd March 2016, pending any successful appeals.



Low Impact:

CUSC Parties, BSC Parties, National Grid Electricity Transmission PLC

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About this document

This is the Final CUSC Modification Self-Governance Report which contains details of the CUSC Panels determination in respect of CMP258, as well as any responses to the Code Administrator Consultation. This Report has been prepared and issued by National Grid as Code Administrator under the rules and procedures specified in the CUSC.

An electronic copy of this document can be found online via;

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP258/>

Document Control

| Version | Date | Author | Change Reference |
|---------|----------------------------|--------------------|---|
| 1.0 | 4 th March 2016 | Code Administrator | Final Modification Report for Panel comment |
| 2.0 | 8 th March 2016 | Code Administrator | Final Modification Report to Industry |



Any Questions?

Contact:

Jade Clarke

Code Administrator



Jade.Clarke@nationalgrid.com



01926 653606

Proposer:

Damian Clough

National Grid Electricity
Transmission Plc

Damian.Clough@nationalgrid.com

1 Summary

- 1.1 This document describes the CMP258 CUSC Modification Proposal and details any responses received to the Code Administrator Consultation.
- 1.2 CMP258 was proposed by National Grid Electricity Transmission and submitted to the CUSC Modifications Panel for their consideration on 18th December 2015. A copy of this Proposal is provided in Annex 1. The Panel decided that this Modification should be classed as Self-Governance and should proceed directly to Code Administrator Consultation for 15 Working-Days.
- 1.3 The current wording in section 11 of the CUSC may result in an Interruption which should be classed as Relevant under the new arrangements introduced under CMP235/6, not being classed as relevant and not paid. CMP258 seeks to ensure that the CUSC Legal text aligns with the intentions of CMP235/6.
- 1.4 There were three responses to the Code Administrator Consultation, these are summarised within Section 7 and the full responses can be found in Annex 4 of this report.
- 1.5 At the CUSC Panel meeting on Friday 26th February 2016, the CUSC Panel unanimously agreed that CMP258 better facilitates Applicable CUSC Objective (a) and therefore should be implemented. The majority of the Panel also felt that CMP258 better facilitates Objective (b). If no successful appeals are received then it will be implemented on the 22nd March 2016.
- 1.6 This Final 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, <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP258/>, along with the CUSC Modification Proposal Form.

National Grid's Initial view

- 1.7 National Grid believes CMP258 should be implemented as it proposes to reword the legal text so that it aligns with the true intentions of CMP235/6 removing risk and uncertainty.
- 1.8 National Grid is obliged to comply with Modification Proposals approved by the Authority and the CUSC. Where the two do not align as intended then this leads to inefficiency and uncertainty within the Industry. By removing the grey areas within the current wording this gives Generators confidence that they will receive payments (as agreed and expected), for when they cannot access the grid through no fault of their own, thus aligning the services with what they have paid for, and helping keep actual costs aligned with forecasted costs thus improving competition.
- 1.9 CMP258 is not seeking to change anything which has not already been consulted on and approved by Ofgem, and will therefore align it to the baseline. An argument can be made that this Modification has a material effect but only when compared to the potential unintended consequences of the current wording, not when compared to the intention of CMP235/6.
- 1.10 It was recognised as part of CMP235/236 that it is uneconomical to self-disconnect Generating Units due to the Deenergisation of a Station Transformer(s) as the Interruption Payment was not designed to cover the overall costs to a Generator of being Interrupted. To create a matrix in each BCA specifically defining the relationship and running arrangements between a Generating Unit and Station Transformer would only be necessary if Industry felt the above was not in fact correct. Therefore it would be inefficient to change all BCA's so that the detailed relationship between Station Transformers and Generating Units is specifically defined, and would provide no

benefit to Industry Users, whilst being a lengthy administrative exercise on all affected parties. This does not remove the requirement that all Import and Export BMU's need to be included in Appendix C for the purposes of Interruption Payments thus showing an overall relationship.

- 1.11 The key thing to take into account when considering the impact of this modification proposal is that it will not increase Relevant Interruption claims over and above what was analysed and expected as part of CMP235/236 and the decision to implement it. It will ensure that Interruptions which were expected to be classed as Relevant and thus receive an Interruption Payment will do so in future. If a Station Transformer (Import BMU) is Deenergised and does not cause the full Deenergisation of an Import BMU then this will continue to not receive an Interruption payment.
- 1.12 There are alternatives available to partially remediate the misalignment of the legal text to the BCA's as described in 3.3, however it is far more efficient and timely for all industry participants, to alter the wording within the CUSC rather than undertake this alternative.

CUSC Panel Determination

- 1.13 At the CUSC Panel meeting on Friday 26th February 2016, the CUSC Panel unanimously agreed that CMP258 better facilitates Applicable CUSC Objective (a) and therefore should be implemented. The majority of the Panel also felt that CMP258 better facilitates objective (b).

2 Background

- 2.1 Following the implementation of CMP235/6 it has been noted by some customers that they are at risk of missing out on Interruption payments in certain situations. The current wording in Section 11 of the CUSC may result in an Interruption which should be classed as Relevant and therefore receive an Interruption payment as intended under CMP235/6, being refused.
- 2.2 A previous modification (CMP253) was raised to change the current wording of the legal text to reflect the intention of CMP235/6, however following feedback from the Code Administrator Consultation and discussions with various parties, the proposer decided to withdraw CMP253 and submit a new modification (CMP258) with changes to the proposal.
- 2.3 (CMP253) sought to change the legal text to allow partial Deenergisation of an Import BMU (where the Import BMU contained more than one Station to Transformer) for the purposes of Relevant Interruption claims. Following feedback and extensive discussions with industry parties, that proposed change within (CMP253) has not been included in this modification.
- 2.4 The definition of an **Associated Export BM Unit** is;
- an **Export BM Unit** where:
- (i) that **Export BM Unit** and an **Import BM Unit** are comprised in the **User's Equipment** are both registered as being associated with each other in respect of and listed (in the case of the **Import BM Unit** being referred to as a "Station BM Unit") in **Appendix C** of the same **Bilateral Connection Agreement**; and
- 2.5 Within the definition above it states "(in the case of the Import BM Unit being referred to as a "Station BM Unit") in Appendix C of the same Bilateral Connection Agreement;". The legal text for CMP235/6 was written with the intention of aligning it with the latest Appendix C in the schedules within the CUSC. However, not all Import BM Units are referred to as "Station BM Units" within Appendix C of the BCA's with no obvious standard naming convention consistently applied, as there was never the need to do so prior to the implementation of CMP235/6. The above legal text implies that if the Import BM Unit is not specifically named as a "Station BM Unit" within Appendix C this may lead to instances where Relevant Interruptions under the intention of CMP235/6 do not lead to a payment when it should do. The text in brackets is therefore unnecessary and does not need to be as specific, as being so specific causes the issues referred to above. The Import and Export BMU's will still need to be named within the same Appendix C thus establishing a relationship.
- 2.6 Additionally, in the definition of an Associated Export BM Unit there is the line of legal text "are both registered as being associated with each other in respect of and listed". There are differing interpretations of what is required by being registered as being associated with each other. One interpretation is an extra requirement on Generators to alter their BCA's and specifically link Station Transformers with the Generating Units dependent on the supply from that Station Transformer. As BCA's don't currently contain this matrix then all BCA's for Generators with Station Transformers will need to be altered. However if the above interpretation is not what is intended then this will prevent the need to alter BCA's.
- 2.7 In Ofgem's decision letter for CMP235/6, Ofgem state; "We acknowledge the concerns on potential connection design shortfalls, but we consider that design criteria relating to generation connections should be considered within the appropriate design frameworks

and not the CUSC. The CUSC outlines commercial arrangements, whereas design of generators and generator connections should be addressed in planning and operational forums, such as the Grid Code or SQSS". If changes are subsequently made to the Grid Code or SQSS with regards to the above then the CUSC should be changed to reflect this but not until then. Therefore, although the ultimate intention may be to reflect these design frameworks within the CUSC and explicitly state the relationship between Generating Units and Station Transformers and running arrangements, until or if these changes are made, then the CUSC precedes any changes and is unenforceable.

3 Modification Proposal

- 3.1 CMP258 seeks to change the definition of an “Associated Export BM Unit” within Section 11 to remove the reference to “Station BM Unit” to allow for the variances of the naming of Import BM Units in the BCA’s, and remove the uncertainty over what is required by the wording “are both registered as being associated with each other in respect of and listed”
- 3.2 Within the legal text, the removal of “in respect of and” and insertion of “by being” maintains the need to show that there is a relationship between the Import and Export BMU’s for an Interruption claim to be valid whilst deleting the need to specifically state and define the relationship between each Generating Unit (Export BMU) and Station Transformer (Import BMU). The draft legal text is as illustrated within Annex 3 of this document.
- 3.3 The alternative to not make a simple change to the legal text through this modification proposal, would be to work with all affected Generators to change their BCA’s to align them with the legal text. As well as altering BCA’s we would be required to update “Schedule 2 Exhibit 1 - Bilateral Connection Agreement -v1.8” within the CUSC to also align this with the legal text to avoid misalignments with any new BCA’s and the CUSC.
- 3.4 Please note that this proposal only affects those Generators who have Generation which is dependent on Supplies from The National Electricity Transmission System.

4 Proposed Implementation and Transition

- 4.1 CMP258 has been approved for implementation by the CUSC Panel, there will be a 15 day appeals window commencing on 26th February 2016 and closing on 18th March 2016. Subject to any appeals, CMP258 will be implemented on the 22nd March 2016.

Impact on the CUSC

5.1 Changes to Section 11.

Impact on Greenhouse Gas Emissions

5.2 None identified.

Impact on Core Industry Documents

5.3 None identified.

Impact on other Industry Documents

5.4 None identified.

Costs

| Industry costs (Self-Governance modification) | |
|---|---|
| Resource costs | £2,723 - 1 Consultation <ul style="list-style-type: none">• 1.5 man days effort per consultation response• 3 consultation respondents |
| Total Industry Costs | £2,723 |

Applicable CUSC Objectives

- 6.1 For reference, the Applicable CUSC Objectives, as defined in the Transmission Licence are;
- a) The efficient discharge by the Licensee of the obligations imposed on 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.
 - 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 believes this modification better meets the applicable CUSC objectives listed above as stated below
- a) National Grid is obliged to comply with Modification Proposals approved by the Authority and the CUSC. Where the two do not align as intended then this to inefficiency.
 - b) Generators pay TNUoS charges to access the National Electricity Transmission System. These costs end up in the final energy cost. By removing the grey areas within the current wording this gives Generators confidence that they will receive payments (as agreed and expected) for when they cannot access the grid through no fault of their own, thus aligning the service with that they have paid for, and helping keep aligned actual costs with forecasted costs thus improving competition.

CUSC Modifications Panel's view

- 6.3 At the CUSC Modifications Panel meeting on Friday 26th February 2016, the CUSC Panel unanimously voted that CMP258 better facilitates Applicable CUSC Objective (a) and therefore should be implemented. Kyle Martin was absent for the vote and gave his voting rights to Garth Graham, Simon Lord was also absent for the vote and gave his voting rights to Paul Jones. Details of the Panel vote can be found below;

| Panel member | (a) | (b) | (c) | Overall |
|-----------------------|-----|---------|---------|---------|
| Paul Mott | Yes | Yes | Neutral | Yes |
| Cem Suleyman | Yes | Yes | Neutral | Yes |
| Paul Jones | Yes | Neutral | Neutral | Yes |
| James Anderson | Yes | Yes | Neutral | Yes |
| Garth Graham | Yes | Yes | Neutral | Yes |
| Kyle Martin | Yes | Yes | Neutral | Yes |
| Simon Lord | Yes | Neutral | Neutral | Yes |
| Bob Brown | Yes | Yes | Neutral | Yes |
| Nikki Jamieson | Yes | Yes | Neutral | Yes |

6.4 Comments on Panel vote:

The majority of the Panel members stated the following comments on the applicable CUSC Objectives:

Noting that CMP235/6 were approved by the Authority and that CMP258 aligns the CUSC legal text with the aims of CMP235/6, CMP258 improves the efficiency of the CUSC thus better facilitating applicable objective (a).

By clarifying the circumstances under which a generator will be eligible for compensation for loss of transmission access, CMP258 increases generator confidence better facilitating competition and applicable objective (b).

The proposal is neutral against applicable objective (c) and overall better meets the applicable CUSC objectives than the baseline.

7 Code Administrator Consultation responses - summary

7.1 Three responses were received in response to the Code Administrator Consultation, these are summarised as follows; the responses can be found in full in Annex 4 of this document.

| Respondent | Do you believe that CMP258 better facilitates the Applicable CUSC objectives? Please include your reasoning. | Do you support the proposed implementation approach? If not, please provide reasoning why. | Do you have any other comments? |
|--|--|---|---------------------------------|
| EDF Energy | <p>Yes. Better facilitates (a) as National Grid are obliged to comply with approved CUSC legal text. If they are not aligned it could lead to unintended consequences and inefficiencies in discharging their duties.</p> <p>Better facilitates (b) as it removes the ambiguity in the description of Associated Export BM Unit, this should reduce the potential for different treatment of generation interruption claims.</p> | Yes we agree with implementation of 1 Working day following closure of the appeals window. | No |
| RWE Group of GB companies | <p>We believe the deletion of the text in brackets better facilitates the Applicable CUSC Objectives for the reasons given within the Consultation.</p> <p>However, we do not support the deletion of the text 'in respect of and' to remove the requirement to identify a specific association between an Export BM Unit and an Import BM Unit.</p> <p>To delete the requirement to register this association, as proposed under CMP258, would be a change to the intent of CMP235/6 and not a clarification.</p> | Yes but only in respect of the deletion of the text in brackets '(in the case of the Import BM Unit being referred to as a Station BM Unit)'. | No |
| ScottishPower Energy management Ltd | <p>Yes. Better meeting Objective (a) as it aligns the text with the intention of approved modifications CMP235/6 thus improving efficiency in the administration of the CUSC.</p> <p>Better facilitates objective (b) by clarifying circumstances under which a generator will be eligible for compensation for loss of transmission access will increase generator confidence.</p> | Yes | No |

Connection and Use of System Code (CUSC)

| |
|--|
| Title of the CUSC Modification Proposal |
| <i>Rewording of the legal text to align the CUSC with the intentions of CMP235/6</i> |
| Submission Date |
| <i>10th December 2015.</i> |
| Description of the Issue or Defect that the CUSC Modification Proposal seeks to address |
| <p><i>The current wording in section 11 of the CUSC may result in an Interruption which should be classed as Relevant and therefore receive an Interruption payment as intended under CMP235/6, being refused.</i></p> <p><i>The definition of an Associated Export BM Unit is;</i></p> <p><i>an Export BM Unit where:</i></p> <ul style="list-style-type: none"><i>(i) that Export BM Unit and an Import BM Unit are comprised in the User's Equipment are both registered as being associated with each other in respect of and listed (in the case of the Import BM Unit being referred to as a "Station BM Unit") in Appendix C of the same Bilateral Connection Agreement; and</i> <p><i>Within the definition above it states "(in the case of the Import BM Unit being referred to as a "Station BM Unit") in Appendix C of the same Bilateral Connection Agreement;"</i></p> <p><i>The legal text for CMP235/236 was written with the intention of aligning it with the latest Appendix C in the schedules within the CUSC. However not all Import BM Units are referred to as "Station BM Unit's" within Appendix C of the BCA's with no obvious standard naming convention consistently applied, as there was never the need to do so prior to the implementation of CMP235/236. The above legal text implies that if the Import BM Unit is not specifically referred to as a "Station BM Unit" within Appendix C this may lead to instances where Relevant Interruptions under the intention of CMP236 do not lead to a payment when it should do. The text is brackets is therefore superfluous and does not need to be as specific.</i></p> <p><i>Additionally the current legal text "are both registered as being associated with each other in respect of and listed" implies an extra requirement on Generators to link Station Transformers with the Generating Units dependent on the supply from that Station Transformers.</i></p> |

In Ofgem's decision letter for CMP235/236, Ofgem state. "We acknowledge the concerns on potential connection design shortfalls, but we consider that design criteria relating to generation connections should be considered within the appropriate design frameworks and not the CUSC. The CUSC outlines commercial arrangements, whereas design of generators and generator connections should be addressed in planning and operational forums, such as the Grid Code or SQSS".

If changes are subsequently made to the Grid Code or SQSS with regards to the above then the CUSC should be changed to reflect this but not until then

Therefore although the ultimate intention may be to reflect these design frameworks within the CUSC and explicitly state the relationship between Generating Units and Station Transformers and running arrangements, until or if these changes are made, then the CUSC precedes any changes and is unenforceable.

Description of the CUSC Modification Proposal

This proposal seeks to change the description of an "Associated Export BM Unit" within section 11 to remove the reference to "Station BM Unit" in the description to allow for the variances of the naming of Import BM Units in the BCA's. The proposed legal text is as below, which still retains the intent but removes any ambiguity.

*The definition of an **Associated Export BM Unit** is;*

an **Export BM Unit** where:

- (i) that **Export BM Unit** and an **Import BM Unit** are comprised in the **User's Equipment** are both registered as being associated with each other in respect of and by being listed ~~(in the case of the **Import BM Unit** being referred to as a "Station BM Unit")~~ in **Appendix C** of the same **Bilateral Connection Agreement**; and

It is possible to search the BM Unit to work out whether or not the BMU is an Import or Export BMU, therefore the wording in brackets is unnecessary.

By removing "in respect of and" and inserting "by being" this maintains the need to show that there is a relationship between the Import and Export BMU's for an Interruption claim to be valid.

Impact on the CUSC

Section 11

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

Include your view as to whether this Proposal has a quantifiable impact on greenhouse gas emissions. If yes, please state what you believe that the impact will be.

You can find guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions on the Ofgem's website:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=196&refer=Licensing/IndCodes/Governance>

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

BSC

Grid Code

STC

Other
(please specify)

This is an optional section. You should select any Codes or state Industry Documents which may be affected by this Proposal and, where possible, how they will be affected.

Urgency Recommended:

No

Justification for Urgency Recommendation

If you have answered yes above, please describe why this Modification should be treated as Urgent.

An Urgent Modification Proposal should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or*
- b) A significant impact on the safety and security of the electricity and/or has systems;*
or
- c) A party to be in breach of any relevant legal requirements.*

You can find the full urgency criteria on the Ofgem's website:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=213&refer=Licensing/IndCodes/Governance>

Self-Governance Recommended:

Yes

Justification for Self-Governance Recommendation

If you have answered yes above, please describe why this Modification should be treated as Self-Governance.

A Modification Proposal may be considered Self-governance where it is unlikely to have a material effect on:

- Existing or future electricity customers;*
- Competition in generation or supply;*
- The operation of the transmission system;*
- Security of Supply;*
- Governance of the CUSC*
- And it is unlikely to discriminate against different classes of CUSC Parties.*

This modification proposal looks to reword the legal text so that it aligns with the intentions of CMP235/6. It is not seeking to change anything which has not already been consulted on and approved by Ofgem and will therefore align it to the baseline. You can argue that it does have a material effect but only when compared to the potential unintended consequences of the current wording, but not when compared to the intention of CMP235/6.

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

N/A

Impact on Computer Systems and Processes used by CUSC Parties:

None

Details of any Related Modification to Other Industry Codes

None

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

This section is mandatory. You should detail why this Proposal better facilitates the Applicable CUSC Objectives compared to the current baseline. Please note that one or more Objective must be justified.

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.

(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).

- a) National Grid is obliged to comply with Modification Proposals approved by the Authority and the CUSC. Where the two do not align as intended then this leads to inefficiency
- b) Generators pay TNUoS charges to access the National Electricity Transmission System. These costs end up in the final energy cost. By removing the grey areas within the current wording this gives Generators confidence that they will receive payments (as agreed and expected) for when they cannot access the grid through no fault of their own, thus aligning the service with what they have paid for, and helping keep aligned actual costs with forecasted costs thus improving competition.

Additional details

| | |
|---|---|
| Details of Proposer: (Organisation Name) | National Grid Electricity Transmission (NGET) |
| 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: | Damian Clough National Grid Electricity Transmission (NGET) 01926656416 Damian.Clough@nationalgrid.com |
| Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address: | Paul Wakeley National Grid Electricity Transmission (NGET) 01926656416 Paul.Wakeley@nationalgrid.com |
| Attachments (Yes/No): If Yes, Title and No. of pages of each Attachment: | |
| No | |

Contact Us

If you have any questions or need any advice on how to fill in this form please contact the Panel Secretary:

E-mail cusc.team@nationalgrid.com

Phone: 01926 653606

For examples of recent CUSC Modifications Proposals that have been raised please visit the National Grid Website at <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/Current/>

Submitting the Proposal

Once you have completed this form, please return to the Panel Secretary, either by email to jade.clarke@nationalgrid.com and copied to cusc.team@nationalgrid.com, or by post to:

Jade Clarke
CUSC Modifications Panel Secretary, TNS
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

If no more information is required, we will contact you with a Modification Proposal number and the date the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, the Proposal can be rejected. You will be informed of the rejection and the Panel will discuss the issue at the next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform you.

Abid Sheikh
Licensing and Industry Codes
Ofgem
3rd Floor
Cornerstone
107 West Regent Street
Glasgow
G2 2BA
(By Email)

Jade Clarke
CUSC Modifications Panel
Secretary
Jade.Clarke@nationalgrid.com
Direct tel +44 (0)1926 653606

21st December 2015

www.nationalgrid.com

Reference: CMP258 Self-Governance Statement

Dear Abid,

This is the CUSC Modifications Panel's Self-Governance Statement to the Authority for CUSC Modification Proposal (CMP) 258. National Grid has prepared this Self-governance Statement on behalf of the CUSC Modifications Panel and submits it to you in accordance with CUSC Section 8.25.1.

On 18th December 2015 the CUSC Modifications Panel considered CMP258 and confirmed unanimously that it meets the Self-governance criteria.

As such, CMP258 is unlikely to discriminate between different classes of CUSC Parties and is unlikely to have a material effect on:

- i) Existing or future electricity customers;
- ii) Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
- iii) The operation of the National Electricity Transmission System
- iv) Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
- v) The CUSC's governance procedures or the CUSC's modification procedures

The proposed timetable for the progression of CMP258 is as follows:

| | |
|--------------------------------|--|
| 5 th January 2016 | Code Administrator consultation issued (15 working days) |
| 26 th January 2016 | Deadline for responses |
| 2 nd February 2016 | Draft CUSC Modification Report issued for industry comment |
| 9 th February 2016 | Deadline for comment |
| 18 th February 2016 | Draft CUSC Modification Report issued to CUSC Panel |
| 26 th February 2016 | CUSC Panel determination vote |
| 26 th February 2016 | Appeals window open |
| 18 th March 2016 | Appeals window closes |
| 21 st March 2016 | Implementation date |

The CMP258 form is available at;

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP258/>

If you require any further information please do not hesitate to contact me.

Yours Sincerely,

Jade Clarke
CUSC Modifications Panel Secretary.

The definition of an *Associated Export BM Unit* is;

an **Export BM Unit** where:

(i) that **Export BM Unit** and an **Import BM Unit** are comprised in the **User's Equipment** are both registered as being associated with each other in respect of and by being listed ~~(in the case of the **Import BM Unit** being referred to as a "Station BM Unit")~~ in **Appendix C** of the same **Bilateral Connection Agreement**; and

CUSC Code Administrator Consultation Response Proforma

CMP258 'Rewording of the legal text to align the CUSC with the intentions of CMP235/6'

Industry parties are invited to respond to this Code Administrator 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 **5:00pm** on **26th January 2016** to cusc.team@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Workgroup Report to the Authority.

Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

| | |
|--|---|
| Respondent: | <i>John Costa</i> John.costa@edfenergy.com Tel: 07771875857 |
| Company Name: | <i>EDF Energy</i> |
| Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries) | <p><i>For reference, the Applicable CUSC objectives are:</i></p> <ul style="list-style-type: none"> (a) The efficient discharge by the Licence of the obligations imposed on 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. (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency |

Code Administrator Consultation questions

| Q | Question | Response |
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| 1 | <p>Do you believe that CMP258 better facilitates the Applicable CUSC objectives? Please include your reasoning.</p> | <p>Yes</p> <p>CMP258 was raised to correct the definition of Associated Export BM Unit to properly reflect the intent of CMP235/ CMP236 WACM3 which was implemented by the Authority.</p> <p>Implementation of CMP235 / CMP236 allows an Interruption Payment to be paid if interruption of Station import BM Units leads to the interruption of the Export BM Unit. However the current legal text is unnecessarily ambiguous and would potentially prevent some genuine Relevant Interruptions claims being paid out. This is because the definition of Associated Export BM Unit has extra criterion requiring the Export and Import BM Unit in BCAs to be “registered as associated with each other” and be “referred to as a Station BM Unit”. Upon investigation it was highlighted that not all Bilateral Connection Agreements were set-up this way – not all Import BM Units in Appendix C are referred to as Station BM Unit (some are referred to as Station Demand) and while both the Import and Export BM Units are “registered” within Appendix c thus reflecting this relationship, they do not explicitly state that they are “associated with each other”.</p> <p>It makes little practical sense to change every single Generator’s BCA to reflect the inaccurate legal text that currently lies within the CUSC as this would be a lengthy and costly exercise with little benefit as Grid highlights in their consultation. However by simply tweaking the legal text as Grid suggests in their proposed legal text it allows the intent of CMP235/6 to take effect. It therefore also addresses the issues raised under the previous modification CMP253 which National Grid withdrew.</p> <p>We agree the proposer’s new legal text is better aligned with the original intent of CMP235/236 and makes a Relevant Interruption clearer and simpler to determine. To be clear it does not introduce anything new or change anything that has not already been consulted on and approved by Ofgem. We also agree with Grid’s view that this change if implemented will not lead to any more Relevant Interruption payments than expected under CMP235/236. Grid is correct in stating that there is no economic benefit for generators to self-disconnect in the hope they will receive an interruption payment as at best it will only cover a generator’s exposure; indeed the payment in many cases is a small percentage of the actual loss in revenues and costs incurred.</p> |

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| | | <p>We therefore agree that this modification will further the following applicable CUSC Objectives:</p> <p>a) the efficient discharge by The Company of the obligations imposed upon it by the Act and Transmission Licence. National Grid is obliged to comply with the legal text in approved CUSC modifications and therefore if they are not aligned it could lead to unintended consequences and inefficiencies in discharging their duties.</p> <p>b) facilitating effective competition in the generation and supply of electricity. Removing the ambiguity in the description of Associated Export BM Unit will make the CUSC clearer which should reduce the potential for different treatment of generation interruption claims while giving Generators more certainty operating in the market. This in turn should also minimise the potential for CUSC appeals being raised which is a distraction from the efficient running of market.</p> |
| 2 | Do you support the proposed implementation approach? If not, please provide reasoning why. | We agree with the proposer's implementation date of 1 working day after the appeals window closes (if approved by the CUSC Modifications Panel). |
| 3 | Do you have any other comments? | No. |

CUSC Code Administrator Consultation Response Proforma

CMP258 'Rewording of the legal text to align the CUSC with the intentions of CMP235/6'

Industry parties are invited to respond to this Code Administrator 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 **5:00pm** on **26th January 2016** to cusc.team@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Workgroup Report to the Authority.

Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

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| Respondent: | John Norbury Network Connections Manager RWE Supply & Trading GmbH Windmill Hill Business Park Whitehill Way Swindon SN5 6PB T +44 (0)1793 89 2667 M +44 (0)7795 354 382 john.norbury@rwe.com |
| Company Name: | RWE Group of GB companies, including RWE Generation UK plc, RWE Supply & Trading GmbH and RWE Innogy UK Limited |
| Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries) | <p><i>For reference, the Applicable CUSC objectives are:</i></p> <ul style="list-style-type: none"> (a) The efficient discharge by the Licence of the obligations imposed on 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. (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency |

Code Administrator Consultation questions

| Q | Question | Response |
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| 1 | <p>Do you believe that CMP258 better facilitates the Applicable CUSC objectives? Please include your reasoning.</p> | <p>CMP258 proposes to change the CUSC definition of “Associated Export BM Unit” in order to achieve two objectives: -</p> <p>(i) <u>Deletion of the text in brackets “(in the case of the Import BM Unit being referred to as a “Station BM Unit”)”</u></p> <p>We believe that this aspect of CMP258 better facilitates the Applicable CUSC objectives for the reasons given in the Consultation and we support this aspect of the change to the CUSC legal text.</p> <p>(ii) <u>Deletion of the text “in respect of and” in order to effectively remove the requirement identify a specific association between an Export BM Unit and an Import BM Unit</u></p> <p>We do not believe this aspect of CMP258 better facilitates the CUSC objectives and, as such, we do not support it.</p> <p>CMP258 claims to “reflect the true intentions of the implemented modification CMP235/236.” We do not agree that this is the case and consider that CMP258 seeks to change the meaning and intent of the CUSC to the detriment of other Users. The CMP235/6 Workgroup was clear (in discussions and via email correspondence) that the intent of the legal text which was approved by Ofgem “...that Export BM Unit and an Import BM Unit are comprised in the User’s Equipment are both registered as being associated with each other...” was that the dependant Export BM Unit and the corresponding Import BM Unit would be clearly identified and registered has having this dependency, over and above just being listed in Appendix C as comprising the Power Station. To delete the requirement to register this association, as proposed under CMP258, would be a change to the intent of CMP235/6 and not a clarification.</p> <p>We do not agree with the argument put forward in the Consultation under “National Grid’s Initial view” that</p> |

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| | | <p>establishing this association in all BCA Appendix Cs would be an inefficient and lengthy administrative exercise. We envisage that the CMP235/6 provisions would only apply to a very small number of Generators or Developers, would who may wish to identify this specific design dependency as a risk which the rest of the industry would be expected to underwrite. We believe that most GB power stations are designed such that the Export BM Units (i.e. Generating Units) are capable of operating independently of the Import BM Unit (i.e. Station Transformer) and therefore the requirement to register any association or seek industry funded compensation would not arise.</p> |
| 2 | <p>Do you support the proposed implementation approach? If not, please provide reasoning why.</p> | <p>Yes but only in respect of the deletion of the text in brackets <i>“(in the case of the Import BM Unit being referred to as a “Station BM Unit”)</i> only. Refer to our answer to Question 1</p> |
| 3 | <p>Do you have any other comments?</p> | <p>No.</p> |

CUSC Code Administrator Consultation Response Proforma

CMP258 'Rewording of the legal text to align the CUSC with the intentions of CMP235/6'

Industry parties are invited to respond to this Code Administrator 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 **5:00pm** on **26th January 2016** to cusc.team@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Workgroup Report to the Authority.

Any queries on the content of the consultation should be addressed to Jade Clarke at jade.clarke@nationalgrid.com

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

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| Respondent: | <i>James Anderson</i> <i>James.anderson@scottishpower.com</i> |
| Company Name: | <i>ScottishPower Energy management Ltd</i> |
| Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries) | <p><i>For reference, the Applicable CUSC objectives are:</i></p> <ul style="list-style-type: none"> (a) The efficient discharge by the Licence of the obligations imposed on 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. (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency |

Code Administrator Consultation questions

| Q | Question | Response |
|---|--|---|
| 1 | <p>Do you believe that CMP258 better facilitates the Applicable CUSC objectives? Please include your reasoning.</p> | <p>The Proposal better meets Applicable CUSC Objective (a) as it aligns the legal text with the intention of approved modifications CMP235/236 thus improving the efficiency in the administration of the CUSC.</p> <p>Clarifying the circumstances under which a generator will be eligible for compensation for loss of transmission access and removing the need to amend existing Bilateral Connection Agreements, will increase generator confidence that they will receive compensation as expected thus better facilitating competition (Applicable CUSC Objective (b)).</p> |
| 2 | <p>Do you support the proposed implementation approach? If not, please provide reasoning why.</p> | <p>Yes</p> |
| 3 | <p>Do you have any other comments?</p> | <p>No</p> |