nationalgrid

Stage 04: Code Administrator Consultation

Connection and Use of System Code (CUSC)

CMP259 ‘Clarification of decrease in TEC as a Modification’

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

CMP259 aims to amend the CUSC to enable a User to request both a TEC reduction and a subsequent TEC increase in the form of a single modification application to National Grid

This document contains the discussion of the Workgroup formed in February 2016, responses to their consultation and the Workgroup’s final conclusions

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Responses by:	**13th September 2016**

High Impact: Generators

The Workgroup concludes:

The Workgroup had differing views on the best option with three Workgroup members voting for the Original, one voting for WACM1 and two voting for the Baseline.

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Any Questions?

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About this document

This document is the Workgroup Report which details the final conclusions of the CMP259 Workgroup and also contains the responses received to their Workgroup Consultation. An electronic version of this document and all other CMP259 related documentation can be found on the National Grid website via the following link: http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP259/

Document Control

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0.1	06/07/2016	Code Administrator	Workgroup Report for Workgroup comment
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0.3	21/07/2016	Workgroup	Final Workgroup Report to CUSC Panel

1 Summary

1.1 CMP259 aims to amend the CUSC to enable a User to request both a TEC reduction and a subsequent TEC increase in the form of a single modification application to National Grid.

1.2 The Workgroup first met on 15th February 2016, a record of the Workgroup discussions is included within section 4 of this document. A copy of the Workgroup Terms of Reference is provided in Annex 2. The Workgroup have considered the issues raised by the CUSC Modification Proposal as part of their discussions.

Workgroup Conclusion

1.3 The Workgroup met on the 1st July 2016 and voted. Four of the six members eligible to vote stated that the Original proposal and WACM1 better facilitated the applicable CUSC objectives. Three members voted for the Original proposal, one member voted for WACM1, and two members voted for the baseline.

2 Background

2.1 Under the current CUSC arrangements, a generator may reduce its Transmission Entry Capacity (TEC[1]) via submission of a notice to National Grid (in its role as System Operator). This must provide National Grid with at least 5 Business Days' notice of the TEC reduction prior to the commencement of the charging year from which the reduction takes effect.

2.2 A generator reducing its TEC may be liable for a Cancellation Charge, depending upon the level of notice provided. Should at least one year and 5 Business Days' worth of notice be provided prior to the charging year in which the TEC reduction takes effect, then the generator will not be liable for a Cancellation Charge.

2.3 If a generator wishes to increase its TEC then it would do so via a Modification Application. The System Operator (National Grid) would then undertake system studies (in conjunction with the Transmission Owner(s)) and provide an offer to the generator within 28 days (where no system works are required) or 3 months (where works are required). The date from which the TEC increase will apply will depend upon a number of factors including; (a) when the generator requires the increase; (b) the level of works on the transmission system required to facilitate the request; and (c) interactions with other generators' connections.

2.4 If a generator accepts the offer for a TEC increase and subsequently, terminates the resulting agreement, or reduces its TEC requirement prior to the accepted offer becoming effective, then the generator will be liable for a Cancellation Charge. The value of this charge will depend upon the level of notice provided by the generator and/or the transmission works completed to date to facilitate the TEC increase requested by the generator.

2.5 Whilst the above provisions exist within the CUSC framework to relinquish or obtain TEC separately, there are no specific terms to deal with a simultaneous TEC reduction followed by a subsequent TEC increase as a single modification (e.g. if a power station is being mothballed). Instead, currently, a generator would first have to notify National Grid of a TEC reduction via an irrevocable notice, and subsequently submit a separate modification application to increase its TEC from a later date. This presents a risk to the generator as it would first need to relinquish its TEC via a notice and then may be offered a return date, which is later than the date the generator initially requested. As a result of this risk, the generator may choose not to initially reduce its TEC (retaining its transmission access rights) and continue to pay the related TNUoS charges.

[1] The exact level of TEC, specified in megawatts (MW), is set out in the Bilateral Connection Agreement

3 Modification Proposal

3.1 A Generator that does not require all of its contracted transmission capacity (i.e. TEC) for a period of time, for example whilst undertaking major refurbishment works or mothballing a generating unit, may wish to reduce the (MW) level of its TEC for one or more Charging Years in order to minimise its Transmission Network Use of System (TNUoS) charges. However, in submitting a notice to reduce TEC, the Generator would also be irrevocably committed to an enduring 'x' (MW) TEC reduction with no certainty that the same 'x' (MW) of TEC would be restored at a later date, following submission of a modification application. Due to this risk the Generator may decide not to reduce its TEC and continue to pay the accompanying TNUoS charge (despite not utilising its full level of TEC). The Proposer has highlighted that in the event of such a decision, the (MW) volume of transmission capacity associated with the TEC would remain unutilised by the Generator and also not be available for use by National Grid in its planning process or by other BM Participants (e.g. for the early connection of new generation or temporary TEC).

3.2 The Proposer believed that the original intention of the CUSC was that a TEC reduction may be achieved via the submission of a modification application, in addition to being achieved via the submission of a notice, and this Modification Proposal seeks to clarify this interpretation of the CUSC. In treating a TEC reduction and a subsequent TEC increase as a single variation to the Bilateral Agreement, the Generator would be able to commit to both changes simultaneously and minimise its risk by ensuring continuity of its contracted TEC.

3.3 The CUSC currently provides for a commissioned Generator to reduce the (MW) level of its enduring Transmission Entry Capacity (TEC) of a Power Station only by notice under CUSC 6.30.1. Whilst the CUSC does not explicitly prevent a commissioned generator from submitting a modification application to reduce TEC, such modification application would only apply in the event that there is or may be a Material Effect (the need for works or changes in operation of transmission plant or apparatus that involves expenditure of >£10k). For a commissioned generator, no works would be required on the transmission system to facilitate the TEC reduction and, as the TEC reduction would not alter the manner of operation of the transmission system, there would be no Material Effect[2]. Whilst in some instances, there may be future works planned (triggered by other generation projects) that can be avoided by the TO, this may result in a saving, not an additional cost, so is not considered Material. As a result the reduction falls outside the definition of a Modification under the CUSC. However, a TEC reduction for a pre-commissioning generator does require a Modification Application, as there may be a Material Effect (as works planned to facilitate the original TEC requirement will need to be reassessed).

3.4 The CUSC does not provide for a Generator to submit a modification application to amend the terms of its Bilateral Agreement to reduce its TEC (MW) level for a limited period of time only, and for the TEC to revert to its previous (MW) level or other another specified MW level after this period. In the event that the Generator wishes to reduce TEC for a limited period of time only, a TEC reduction notice under CUSC 6.30.1 would first be required, followed by a modification application requesting an increase in TEC under CUSC 6.30.2.

3.5 It is proposed, with CMP259, that the CUSC be amended to enable a generator to request both a reduction in the (MW) level of TEC and a subsequent increase in the (MW) level of TEC via a single modification application to National Grid, the outcome of which would be a single variation to the Bilateral Agreement and a Construction Agreement (where works on

[2] Whilst a change in a generator output can affect operational costs, there would be no difference expected between operational costs between a generator with TEC that does not generate and one without TEC. It is envisaged that a TEC decrease would only be considered if it was uneconomic for a generator to output and looking to mothball, or if replanting.

the transmission system are required). It was noted that although a Construction agreement in relation to a TEC increase is not explicitly mandated under the existing CUSC, it is required as the generator would be liable for Wider Cancellation Charges which would need to be secured. No change is proposed to the existing CUSC principles of User Commitment Methodology and Cancellation Charge provisions relating to TEC reduction, which would similarly apply to TEC reduction achieved via a modification application under CMP259, and as such generators would also have a Construction Agreement for a TEC decrease and subsequent TEC increase when utilising the proposed arrangements.

4 Summary of Workgroup Discussions

Presentation of Original Proposal

4.1 The current arrangements within section 6 of the CUSC do not allow for a single application modification to be submitted by a generator for both a reduction and subsequent increase in the (MW) level of TEC shown in their BCA.

4.2 The Proposer of CMP259 suggested to the Workgroup that as the arrangements currently stand there is an unnecessary risk for generators when submitting an irrevocable notice to reduce their (MW) level of TEC without having, at the same time, any agreement to increase their level of TEC at a later date. The Proposer also explained that generators may wish to decrease their TEC level for a number of reasons to reduce their cost whilst undertaking, for example, refurbishment works on the power station. It was later noted that a generator may be planning to spend millions of pounds on refurbishment and therefore would be less likely to risk not being able to increase their TEC level back after this work was complete, as any shortfall in TEC (between the (MW) level reduced and the level it would revert back to) would leave an equivalent (MW) level of the generator's refurbished plant as a stranded asset.

4.3 The Proposer suggested that, in terms of the CUSC provisions, the Proposal is simply a combination of the existing provisions of CUSC 6.30.1 for a (MW) TEC reduction and 6.30.2 for a (MW) TEC increase to enable a single combined modification in a way that de-risks a generator in allowing it to make an informed decision as to whether or not to temporarily relinquish its TEC. The group agreed that this assertion should be tested against a number of possible scenarios to ensure that there were no unforeseen impacts on how TOs would assess applications and manage any queues for access.

4.4 The Proposer understood that before at least 2012 a Generator could submit a modification application to amend the terms of its Bilateral Agreement to reduce its level (MW) of TEC for a limited period of time only (i.e. a reduction with a subsequent increase). The Proposer further understood that presently National Grid does not consider such a modification application to be permissible under the CUSC, and a TEC reduction may now only be achieved via notice under CUSC 6.30.1. National Grid subsequently clarified that this belief may have arisen as a result of a specific event and no policy change occurred at this time.

4.5 The Proposer noted that the current Statement of Use of System Charges (2015/16) [3]continues to provide an illustrative modification application fee in respect of an "Entry Application Fee for a Decrease TEC" (ref. page 28, item 8). However, the National Grid representative later clarified that this specific example referred to Modification Applications made prior to the completion of the connection works (i.e. pre-commissioning).

4.6 The Proposer also suggested that one of the benefits of CMP259 could be that additional volumes (MW) of TEC would be released for National Grid to use where it could be best utilised.

4.7 The Original Proposal form for CMP259 can be found in Annex 1 and the supporting presentation can be found on the National Grid Website. The key areas of discussion by the Workgroup are summarised in the remainder of this section.

Application Assessment & Capacity Reallocation

4.8 It was noted that that the cost that National Grid may incur in assessing a single modification for a TEC reduction and subsequent increase would be approximately the same as that

[3] http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=40130

associated with a notice and a subsequent modification application to increase TEC as the amount of work carried out by National Grid would be the roughly equivalent in both scenarios.

4.9 One Workgroup member questioned what would happen with the volume (MW) of TEC that was released into the system and how it would be allocated, and asked how would National Grid prioritise the applications?

4.10 It was suggested that any TEC released under CMP259 would be reallocated no differently than it would under the current arrangements. Another workgroup member highlighted that this depended upon the TOs' ability to assess applications in the same manner. It was noted by another member that CMP259 could have an effect on how interactive offers are assessed.

4.11 The National Grid Representative highlighted that currently, should a generator reduce its TEC (MW) level, this could possibly be reallocated permanently to a third party if it makes an application that is interactive with the incumbent generator's application to regain the TEC at a later date. Under CMP259, the incumbent generator would not relinquish its TEC until it signs its offer which also includes the return of part or all of the TEC. As the TO cannot include the incumbent's TEC reduction within its background assumptions when assessing applications until after the incumbent signs its offer, the third party's application is no longer considered interactive and the third party loses the opportunity to obtain firm access to the system as soon as it would under the status quo. It was suggested that such interactivity was rare, but the National Grid Representative highlighted that the frequency was likely to differ on different areas of the network. This is discussed further within the Scenario Discussions area of this section, below.

4.12 It was also noted that TEC released under CMP259 may be utilised on a temporary or possibly on a more enduring basis (with potential operating restrictions) depending on the combined effect of other changes to the transmission system background.

4.13 The National Electricity Transmission System (NETS) Security and Quality of Supply Standard[4] outlines the minimum capability standard to which the NETS should be maintained, and the high level principles of the cost-benefit analysis that would be undertaken to justify any capacity built beyond this standard. The minimum standard is that determined to meet security and economic backgrounds, modelled by applying generic technology specific scaling factors to the TECs of different types of generators to meet demand.

4.14 A more complex cost-benefit analysis using a generation merit order is used to determine the benefit of reinforcements above the minimum standard, e.g. by comparing investment costs with the level of constraint costs that could be avoided. It was noted that low merit generation would be modelled with a very low load factor in such an analysis. The need for investments would be reassessed upon any previously unexpected changes to the underlying background. It was noted that as significant investment would be have to be made a number of years prior to its need, such that temporary reductions in TEC would be unlikely to change the timing or level of investment, unless made several years in advance.

4.15 One member of the group questioned whether there was a need for TEC to reflect installed capacity, and whether the TEC reduction clause included in Construction Agreements as a result of CAP150 was still justified. The National Grid representative highlighted that the intention of CAP150 was to prevent over contracting of TEC, such that it was to ensure the contracted TEC of a project matched the long-term needs of the generator, such that the transmission system (and queues for access to it) could be planned accordingly. For example, if a project held TEC over and above what it has planning permission for the SO

[4] http://www2.nationalgrid.com/uk/industry-information/electricity-codes/sqss/the-sqss/

would be able to amend this, avoiding undue delay to other projects as a result. He highlighted that the need for the CAP150 arrangements still stands, but it was worth noting that as CMP259 applies to shorter term (e.g. 1-3 year) breaks in the required TEC, the ability for TOs to reallocate capacity will be limited at best. This is because the planning timeframe for most new generation is beyond this (especially now they are primarily driven by CM and CfD auctions four years ahead of delivery).

Charging Impacts

4.16 One Workgroup member raised the question of who would be liable to pay for the volume (MW) of TEC that would be 'unused'. It was highlighted that there would be one of two ways this would be funded. Firstly, where there was either no or insufficient (less than one year and five days) notice of the generators' TEC (MW) reduction then it would be funded through a combination of (a) the Cancellation Charges paid by the Generator reducing its TEC generation and (b) TNUoS charges with remaining generators across the system paying an additional element through an increase in the Generation Residual Tariff element. Secondly, if at least one year and five days' notice of the (MW) TEC reduction has been given by the generator, then it would be entirely funded via the remaining generators across the system paying an additional element through an increase in the Generation Residual Tariff element.

4.17 To assess the potential effect on tariffs, National Grid undertook an analysis based upon its latest tariff forecasts[5] for 2017-18, the results of which can be found in Annex 6 of this report. The results provided show the effect on the Generation Residual tariff element (paid by all chargeable generation) based upon the closure of a 1GW 80% Annual Load Factor conventional generator, and a 500MW 40% Annual Load Factor intermittent generator, and consider the residual effect due to the avoidance of wider charges only. Where Local Substation and Local Circuit tariffs apply, there will be an additional amount to recover.

4.18 The effect observed can be explained via an example. Consider the case of a 1GW conventional power station located in generation zone 15 with an Annual Load Factor of 80% reducing its TEC to 0MW from 2017-18, giving notice in March 2016. This would mean that the £4.5m (plus any local charges) that the generator would have paid will be collected from the remaining 68.3GW of expected chargeable generation. Assuming no changes to the locational effect of tariffs, this would increase the Residual element of Wider generation tariffs by at least 6.5p/kW in that year. It is worth noting that the relationship between closure capacity and residual tariff increase is not linear. The proportional effect on tariffs increases with the volume of closures, due the remaining generation base decreasing.

4.19 Whilst it was suggested that the only difference of CMP259 would be that generators would have the knowledge that the subsequent increase in its (MW) level of TEC would be available to them ahead of them committing to reducing their TEC and therefore the Generator would be making a more informed decision. One Workgroup member highlighted that de-risking Generators in this manner is likely to lead to a larger volume of TEC decreases year on year than observed at present as the new arrangements introduced by CMP259 are utilised. It was noted that any such TEC reductions would be subject to the arrangements covering Cancellation Charges, which ensures that the appropriate notice of TEC reduction is provided to National Grid, allowing it to feed most of these into its tariff calculations and provide indication of associated increases through its quarterly forecasts. It was highlighted that whilst this provides parties with visibility of the increase in tariffs, the associated revenues will still need to be recovered via TNUoS charges, and the overall impact of CMP259 on other generators is dependent upon the number TEC reductions and the resulting changes in TNUoS charges.

4.20 One Workgroup member asked what, if CMP259 were implemented, would stop a generator looking at forecast TNUoS tariffs from National Grid for the next five years and decide that as

[5] http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=45336

the cost, say, in years two and three are detrimental to them seeking to take a TNUoS 'break'? Under CMP259 would it mean that Generators would be more likely to reduce their level (MW) of TEC in the 'less favourable' years and then increase it back to the original (MW) level at the point where their TNUoS costs are less for that Generator (or indeed effectively creating a TEC 'option' by continuously submitted modification applications each year)? In reply, the group noted that such a modification application will not always result in an offer providing the generator's desired return date, due to the interaction with other contracted projects, in which case they would need to assess whether to return earlier than desired and pay the resulting TNUoS charge or accept a later return This would be different on a case by case basis, but it was noted that this could affect the predictability of TNUoS tariffs of those all other generators connected to the network in the interim.

4.21 One workgroup member suggested that in any case, such action could be considered to be an appropriate response to TNUoS signals placed on generators. Another workgroup member suggested that CMP259 actually changed the signal provided by making it easier for generators to regain capacity. It was noted that under the existing arrangements, a generator in Scotland paying £15m of TNUoS was more likely to accept the risk of a delayed return under the existing arrangements, than an equivalent generator paying £2m in the South of England, who may instead choose to pay TNUoS and not generate (e.g. if, for example, it expected to run in three years' time with an expected return (after other expenses) of £10m). Under CMP259 both could reduce their TEC, which could affect security of supply, the efficiency of transmission investment and constraint management. It was suggested that the most efficient transmission solution should minimise the combination of investment and constraint costs. Increased TEC reductions where capacity is not reallocated may reduce constraint costs, but this could actually mean that inefficient transmission investment has been made, with an overall increased cost to consumers.

Please note the questions in the response proforma based around these discussions:

User commitment

4.22 The Workgroup discussed User Commitment introduced under CMP192. One Workgroup member noted that should the notice period for the reduction in TEC (MW) be four years rather than the current year and five days, that the benefits of CMP259 would be greater. The Workgroup member highlighted that there would be two possible benefits in doing so. Firstly, as this is closer to the realistic build timeframe for new transmission connected generation, it is more likely that any capacity relinquished can be utilised, and secondly, amendments to investment plans for the Transmission Owner would be made more efficiently, as capital expenditure would be limited prior to this stage. However, that workgroup member noted that the potential for a four year User Commissioning timeframe for post-commissioning generation had already been considered under CMP192 and the current background was similar to that under which these arrangements had been assessed.

4.23 Another Workgroup member questioned whether the Transmission system should be moving to a more flexible system where generators can reduce and increase their TEC (MW) levels as and when required to ensure a more efficient utilisation of the transmission system. It was added that the life of the asset is forty years and questioned whether the generator should be liable to pay the TNUoS charges for the whole period. Whilst this may be the case, it was noted that the current access arrangements, in which generators have access rights until they choose to relinquish them (rather than purchasing rights for a set period of time) are not designed in this manner, and trying to develop such arrangements would probably go beyond the scope of CMP259.

4.24 A Workgroup member added that there could potentially be more than one generator that similarly reduced their TEC (MW) level and, when combined with changes to commissioning dates of pre-commissioned generators and changes to forecast demand and transmission

system power flows, would result in a cumulative TEC (MW) being available that may enable pre-commissioned generators to connect earlier than otherwise be permitted and/or enable temporary TEC to be procured.

Timescales of TEC increases following a reduction

4.25 The Workgroup considered the question: if a Generator submitted a new modification application for a TEC (MW) decrease and subsequent TEC (MW) increase under CMP259 and signed the resulting offer on a specified date; what would happen if the Generator subsequently delays the date of the TEC increase. In reply, it was noted that this would be no different to the arrangements currently in place for a pre-commissioning power station or a TEC increase at an existing power station, such that the Generator would have to submit a second modification application, which would be assessed in its own right against the background in place at the time. The Group noted the ongoing work on delay charges for pre-commissioned generators and stated that it was not the intention of CMP259 to adversely impact delay charges[6].

4.26 The Workgroup also discussed the possibility of a Generator applying to decrease their TEC (MW) level and increase their TEC (MW) level in the distant future (e.g. ten years' time) and noted that as the transmission network would evolve greatly within this period that any offer that National Grid would offer today (for something 10 years hence) would be highly conditional on completion of research nearer the time and also be likely to require wider works. Again, this action could be taken under the existing CUSC provisions.

Transfer of TEC

4.27 The Workgroup discussed the potential transfer of TEC between generators that can be done under the current CUSC arrangements, as an alternative to using the process proposed CMP259.

4.28 One Workgroup member explained the current arrangements for Temporary TEC Exchange(s) and noted that there were a number of barriers to utilising such arrangements (e.g. a limit on the duration of each transfer to within a single charging year) and as a result has limited uptake to date. Some Workgroup members claimed that this would not address the defect of CMP259 as the generator would still be liable for the TNUoS charges and the reason that a generator would want to decrease and then increase their (MW) TEC level would be to avoid these. It was noted that this depended upon the commercial negotiation between the two parties involved (although the generator would still face the risk of paying the TNUoS should there be no demand for the TEC offered). One member of the group stated that they considered the arrangements surrounding Temporary TEC Exchanges as very complicated and that the new CMP259 proposed process would be simpler.

4.29 The other TEC transfer product that could also be utilised for this manner is a combination of two permanent TEC Trades, in which Generator X would negotiate the transfer of a volume (MW) of their TEC to Generator Y, with this being returned (to Generator X, from Generator Y) at a later date via a second trade (with both applications being made simultaneously). As such arrangements are designed to be permanent; the Generator (X) relinquishing the TEC will not be liable for the associated TNUoS charges for that (MW) volume until it regains the TEC (from Generator Y). Whilst this may provide an alternative approach to CMP259, the Generator (X) would still be liable to TNUoS should no other party be willing to use the volume (MW) of TEC that generator offered.

[6] http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP249/

4.30 The Workgroup discussed the hurdles that a generator must overcome when completing a TEC Trade and noted that the transfer of TEC would be subject to National Grid discretion (but it would only be in National Grid's interest to reject such a request if the proposed TEC Trade was inefficient). They also stated that this was also subject to the exchange rate so that it would not necessarily be a like for like (1MW for 1MW) trade. In addition the Workgroup discussed the likelihood of the potential collaboration of competing generators and concluded that this is unlikely to happen.

4.31 The Workgroup agreed that notwithstanding whether the transfer of TEC would be permanent or temporary, in either scenario, there were a number of hurdles to overcome and noted that this is why these options are only utilised on rare occasions.

Scenario discussions

4.32 A Workgroup member shared a number of scenarios with the Workgroup that can be found in Annex 4. He stated that in most of the scenarios that CMP259 would not have an effect on the assessment of offers but wanted to discuss interactivity offers (scenario 3 (a) in Annex 4)

4.33 He spoke around the Interactive scenario which is as follows:

Generator A: This generator is currently connected and wants to use the CMP259 modification application to decrease their TEC (WM) to zero from year y and then subsequently increase to 1GW at year y+2. Their Modification application was submitted at same time as generator B (within the same six month window as B) and the generator gave the appropriate notice (one year and five days)

Generator B: This generator is not currently connected and wants to connect and use 1GW TEC in year Y+1. Their Modification application was submitted to National Grid at the same time (within the six month window as A's application)

4.34 A Workgroup member suggested that Generator B would be treated differently under CMP259 than under the existing arrangements. He went onto explain that due to Generator A requesting a decrease in their TEC (MW) level as part of a Modification Application that also requested a TEC increase in year Y+2 meant that the TEC reduction could not be considered within the offer made to Generator B, delaying its connection date in the example to Y+3. This is because Generator A does not commit to relinquish its TEC until it signs the offer including its increase. Under the existing arrangements, Generator A would have to relinquish its TEC and then apply for the increase, meaning that Generator B could have the option to connect at the earlier date of Y+1.The level of opportunity that Generator B gets to the earlier date, will depend on the timing of the two applications made. National Grid's current policy on interactive offers is published on the National Grid website[7]. The Workgroup member added that this would result in Generator A having preferential treatment under CMP259 rather than the generators being treated equally. He questioned as to whether Generator A, using CMP259, should be able to reduce their TEC (MW) level and then subsequently still have the right to that TEC when they would not pay the TNUoS charges over the period where their TEC (MW) level was reduced. He stated that this would result in a change in the process that National Grid and the TOs use for interactive offers.

4.35 To counter the scenario described above, another Workgroup member stated that the likelihood of Generator A decreasing their TEC (MW) to zero without the certainty of increasing it, at the date they wish to is potentially unlikely. This would mean that that the TEC (MW) may not be available for Generator B to connect to the system irrespective of CMP259. He added that Generator B could, in fact, be in a better position under CMP259 as

[7] National Grid Policy Document for Managing Interactive Offers (http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=5647).

they could be offered a 'non-firm' offer for a period where Generator A has decreased their TEC, in which case restricted access is provided for Generator B until the completion of transmission works to facilitate their output. He went onto explain that there could in fact be a number of scenarios in place at the same point in time, meaning that another generator could be reducing their TEC (MW) the year after and therefore Generator B could be offered the contracted TEC that they had originally applied for.

4.36 Another member stated that under the current arrangements, a generator's willingness to give up its access rights depended on whether it valued the continued right more than the associated TNUoS charge. He highlighted that in some areas of the network, generators would already be willing to give up unutilised access and take the risk of a return date that is later than desired. Should a generator with existing TEC see value in retaining this access such that it is willing to pay its TNUoS, then it provides an appropriate signal that would be weakened under CMP259.

4.37 A concern was raised around the practicalities on the 'turn around' of offers in this scenario and how National Grid would speak to each generator and explain the different scenarios dependent on what Generator A decides to do. It was also suggested that Generator B would not be able to be offered a contract for a period as National Grid would be unsure as to what Generator A would be doing. The National Grid representative highlighted that the TOs would assume the contracted background when assessing the applications and National Grid would still aim to provide any offers within the existing timeframe. It was noted that there would be a change in the contracted background as a result of the decision that Generator A made as a result of their Modification Application under CMP259.

Policy and history prior to 2012

4.38 The National Grid Representative provided the background and history with regards to the perceived change in policy that was suggested in CMP259.

4.39 He noted that the Customer Account Managers within National Grid considered when an application was made, what was being built and how much volume (MW) of TEC there was on the transmission system in the associated area. This meant that, at times in the past and due to the fact that there was TEC available, some generators may have been allowed back onto the transmission system with a single modification application. However, he did note that the process that should be followed is that there should been a notice provided and a subsequent modification application submitted, and this is how such an application in an area of the transmission system where there was limited TEC on the network would have been handled prior to 2012.

Annual Load Factor (ALF)

4.40 One member of the Workgroup questioned how a generator's ALF would be affected by this reduction and subsequent increase in TEC. The Workgroup discussed that the data that would be used would be for the previous five years whether the generator were at zero (MW) TEC or not. However, should the TEC (MW) be zero, then the ALF would be indeterminate, and this would be treated identically to no data being available. It was concluded that this effect is not part of this modification and that the generic figure would be used should a generator reduce their TEC to zero (MW).

TEC level and technology when increasing TEC

4.41 The Workgroup discussed whether the (MW) level of TEC that a Generator requested within the modification application, if CMP259 were implemented, would have to be at the same (MW) level as it was originally connected at. It was noted that a Generator could request to have its TEC increased to whichever (MW) level it chose when submitting an application, as already provided for under CUSC 6.30.2. This would then be assessed in its own rights as part of the offer process. It was noted that this process would be unaffected by CMP259, so for instance, a generator could request to increase the TEC (MW) level to a lower or higher amount than the original level under CMP259. One Workgroup member suggested that during initial discussions with a National Grid Customer Account Manager that the (MW) level of TEC that could be catered for would have been discussed so the generator would be aware of any constraints in the area of the transmission system they are seeking to connect to.

4.42 One Workgroup member asked whether you could connect a different piece of generating plant when you increased your TEC via modification application under the proposed new CMP259 arrangement. The National Grid Representative noted that the type of technology connecting may affect the level of works required on the transmission system to facilitate the generation connecting. It was noted by another member that as long as the connection is the same, and subject to the same connection agreement, then there is no apparent restriction on the technology that is used. Such a change in technology is already subject to CUSC 6.30.2 and could therefore be combined with the proposed solution under CMP259.

Potential Benefits and Implications of CMP259

4.43 The Workgroup discussed the benefits of CMP259 and one Workgroup member suggested that a benefit would be that transmission export constraints in certain areas of the country could be alleviated should some of the generators that use the CMP259 process choose to reduce their TEC (MW) levels for a period of time.

4.44 A Workgroup member highlighted that another benefit of CMP259 could be that the amount of investment required by the Transmission Owners could be reduced, again, if generators use CMP259 to reduce their TEC (MW) levels for a period of time resulting in additional uncontracted capacity on the Transmission System. However, counter to this, one member of the group highlighted that the increased level of reductions CMP259 could actually lead to already built or committed investments becoming inefficient in terms of contracted capacity.

4.45 A Workgroup member stated that a further potential benefit of CMP259 could be that National Grid would have a better picture in terms of what the generator is intending to do due to the modification application under CMP259 being made which more accurately reflects the power station MW capability. One workgroup member challenged this view and highlighted that it could obtain a view of a generator's availability via Grid Code OC2 and REMIT[8] submissions. Another workgroup member suggested that perhaps there was still some marginal benefit to the SO as it could gain clarity over the reasoning surrounding the unavailability.

4.46 The Proposer has highlighted that main benefit of CMP259 is for generators who are currently connected and deciding whether to reduce their TEC (MW) levels for a limited period of time. This modification will give them the information to make an informed decision

[8] REMIT is an EU regulation on energy market integrity and transparency (No 1227/2011). Please see https://www.ofgem.gov.uk/gas/wholesale-market/european-market/remit for further details.

as to whether they will be able to increase their TEC (MW) level on the date they require to do so.

4.47 The Proposer has suggested that CMP259 would also establish consistent treatment with pre-commissioned generating units delaying their connection/TEC date via a single modification application, which has the same effect as a temporary TEC reduction via CMP259 for commissioned generators. One workgroup member has suggested that, as a reduction to future TEC for a pre-commissioning generator affects works being undertaken to facilitate it whereas the reduction of post-commissioning TEC does not, there is justification for the existing difference in treatment.

4.48 The workgroup discussed the potential implications of CMP259. One workgroup member highlighted concerns regarding the likelihood of an increased number of TEC reductions, due to the decrease in associated risk. He highlighted that this would result in increased TNUoS charges for potential generators. It was agreed that the workgroup would seek views on the potential likelihood to assess the impact further.

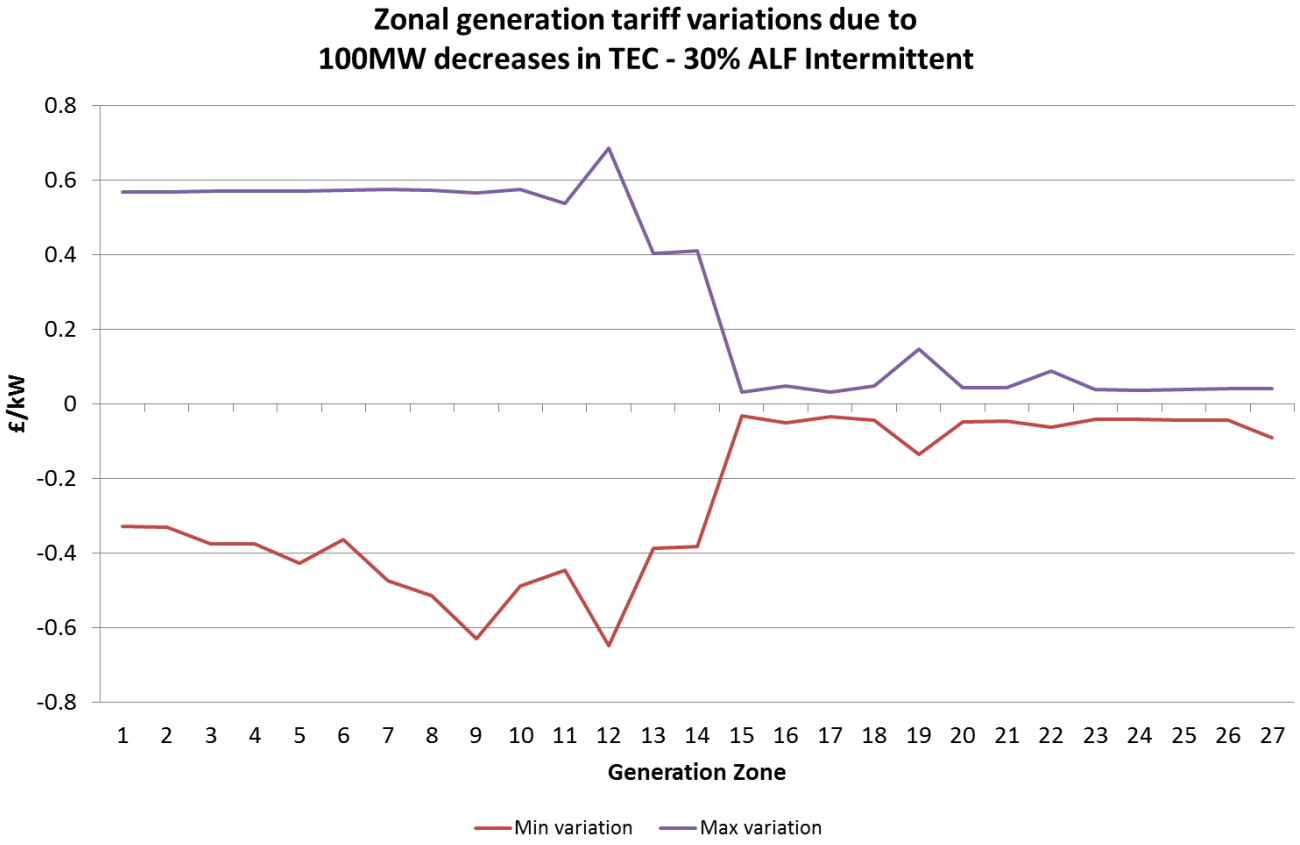
4.49 One workgroup member also suggested that the impact on the interactive offer process could detrimentally affect competition for transmission access. He highlighted that should one party be willing to give up its access rights then no party should be given preferential treatment in the allocation of that access in the future, and claimed that CMP259 introduced such treatment. Another workgroup member argued that interactive offers are rare, but this view was not shared among the whole group.

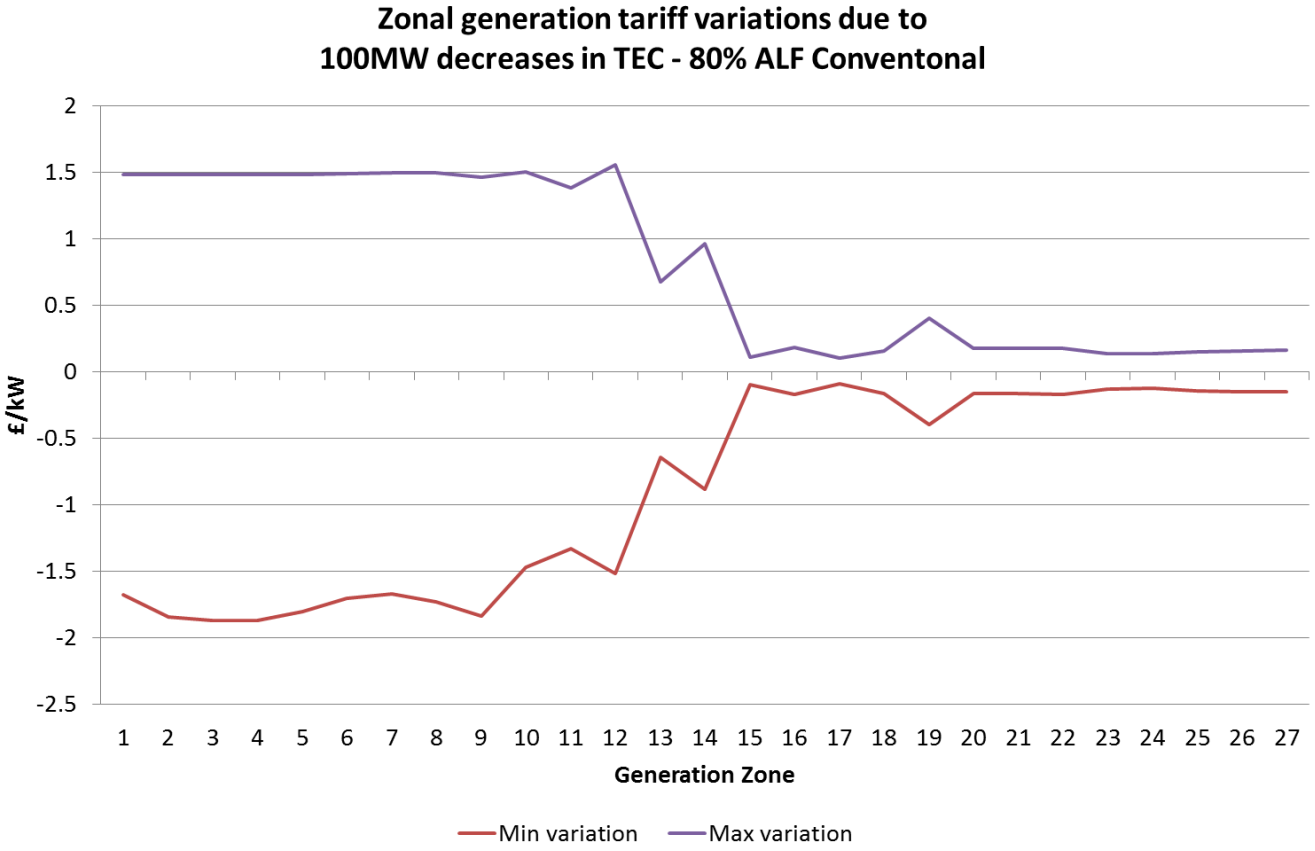
Consideration of Workgroup Consultation responses

4.50 The Workgroup considered each of the responses received to the Workgroup Consultation when deciding which options should be included within the final Workgroup Report as formal WACMs.

4.51 It was noted by some workgroup members that there were two issues that emerged in the consultation responses. Those related to the process aspects of CMP259 and those relating to the charging implications of the implementation of CMP259.

4.52 A number of respondents had raised concerns over the potential impact on TNUoS that would result should there be an increase in TEC reductions following the implementation of CMP259. The Workgroup suggested that some additional analysis be carried out to explore whether if TEC were to be released as a result of CMP259 how this could impact in each geographical area. This can be found below. The workgroup discussed the analysis and noted that this demonstrates what were to occur should TEC (MW) be released on the system under any situation and had differing views on whether this would be more or less likely under CMP259.





4.53 The workgroup talked through the responses in relation to the question around the ALF (Annual Load Factor) The group questioned whether a new third party would interpret the wording in Section 14 (Charging Methodologies) in the same way as the workgroup have done. The group concluded that there was a defect in CUSC Section 14 around the wording and whether it would be interpreted to be the generic ALF that would be used when using the CMP259 application and noted that a self-governance modification to this area of the CUSC could be raised by National Grid or another CUSC party, to address this.

4.54 The interaction with the capacity market was also discussed. It was noted that a driver for this modification is the capacity market and the associated timescales. It was noted that a generator who had participated within an auction, but was not awarded a contract, may wish to temporarily release its TEC, such that it could participate in later auctions, but not burdened with TNUoS charges in respect of the unutilised capacity in the interim. The group noted that increased liquidity in the capacity market could reduce costs to the consumer in isolation, but opinion varied within the group as to whether or not CMP259 delivered an overall benefit, as some believed the effect on TNUoS had a negative impact.

4.55 One respondent asked whether CMP259 could result in the ability for parties “gaming” commodity prices. The group had a short discussion around the effect of TNUoS on commodity prices. It was noted that as TNUoS was fixed prior to the beginning of each year, it formed a long-run rather than a short-run cost, so did not affect most parties’ despatch decisions (although it was noted that marginal plant may look to recover TNUoS over a shorter period), and as a result would not have a significant effect on commodity prices.

5 Workgroup Alternatives

5.8 The workgroup discussed possible Workgroup Alternative Modification proposals, these were as follows:

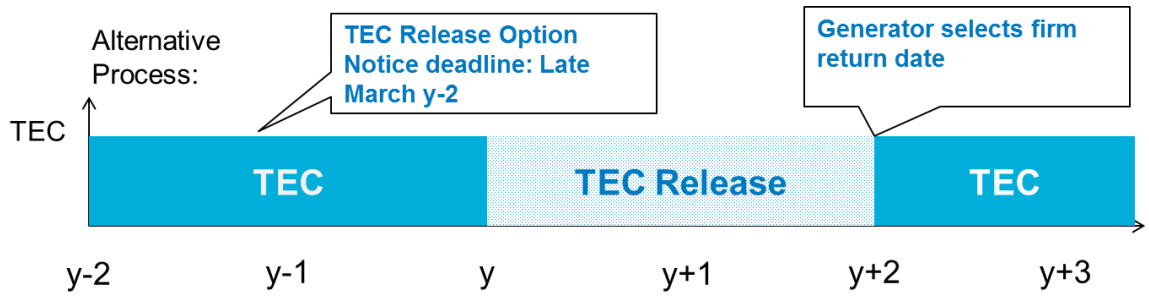
Potential Alternative One

5.3 It was noted by one respondent to the workgroup consolation that it may be more supportive of the implementation of CMP259 should the TEC reduction be for a limited period of time, and the TEC increase limited to the original TEC level. One member of the group proposed to take this option forward as WACM1. This alternative proposal is based on the original proposal with the TEC reduction being limited to a one time event and a maximum duration of a three year block.

Potential Alternative Two

5.4 The National Grid representative proposed an alternative that introduced a TEC Release Option with an associated charge. Under this, a generator, giving no less than 1 year and 5 business days' notice prior can release all or some of its TEC for a number of charging years (the TEC Release Period), specifying a firm return date. During the TEC Release Period, the generator would continue to pay 100% of any local TNUoS charges, in addition to wider charges, reduced based upon the level of notice provided:

i) A 25% reduction throughout the TEC Release Period if >1 year and 5 business days' and <= 2 years and 5 business days' notice of the initial release date is provided;
ii) A 50% reduction if >2 years and 5 business days' and <= 3 years and 5 business days is provided; and
iii) A 75% reduction if >3 years and 5 business days' is provided



As part of this process a generator could apply to cancel the TEC Release during the TEC Release period, via a modification application, but any resulting offer would be subject to the availability of the requested capacity. The generator would then become liable for the wider TNUoS for both the new capacity and the TEC Release (acting as an incentive to provide accurate information at the point of release).

Under the proposal, the existing User Commitment arrangements would apply during the TEC Release Period as though the generator held the released TEC. Should a generator cancel any part of its enduring TEC requirement then it would be liable for a cancellation charge, should it provide less that 1 year and 5 business days' notice of the TEC reduction. For example if a 200MW generator releases 150MW for 2 years, and towards the end of the second year chooses to reduce its enduring TEC to zero, then the Cancellation Charge would apply to the full 200MW.

5.5 He clarified that the return date would be binding, such that the System Operator will have the right to remove/reallocate TEC if unutilised upon the return date (if deemed efficient to do so), and the generator would lose any future rights to this (i.e. it would have to submit an application to increase back up to its original TEC). If a generator loses its TEC in such a manner, the generator will not be liable for enduring TNUoS for the lost access (unless such access was allocated to the generator at any point within a charging year, in which case, it will be liable for TNUoS for that year, as now).

Potential alternative three

5.6 One workgroup member suggested that there could be reporting obligations as follows:

National Grid could have an obligation (in the spring) to report to the CUSC Panel (as, for example, they do now for interruption claims) identifying:-

a) The total MW volume of TEC released in the charging year just gone;
b) How much of that volume, if any, has been used (such as via LDTEC or STTEC) and, if appropriate, how much (in total) has been paid by other parties for using some or all of this released TEC.

The workgroup discussed this potential alternative; the proposer of CMP259 stated that they did not want to incorporate it into the Original. It was stated that the CUSC Panel could request this information should they want to see the information should CMP259 be approved and implemented.

Official Workgroup Alternative Proposals

5.7 Following the proposals above being suggested the workgroup considered and voted on which proposals to progress to being official WACMs. These were finalised as follows:

1. Original Proposal

Generator to submit a single modification application (rather than notice and subsequent modification application) to give notice of their intention to reduce their 'X' TEC (MW) level and request to increase it at a later date (specific date to be outlined in application but not limited). The level of TEC (MW) could be less than, equal to or more than the level they were connected at when they submitted their application. Generic ALF to be used for period where generator reduces their TEC (MW) level. No technology restriction as long as the connection is the same.

2. Original proposal but limited to a single maximum of three year application (WACM1)

Original plus (a) the period of TEC reduction would be limited to a maximum of 3 years, (b) the subsequent TEC increase at the end of the period of reduction would not exceed the MWs that it was reduced by and (c) the period of TEC reduction could not be extended. When submitting a modification application it would only be for a single maximum three year period.

5.8 The workgroup discussed whether the potential alternative two, suggested by National Grid addressed the defect. The workgroup were split with regards to this and four of the members believed that it did do so, one was not present and one did not. The main reason as to why it was suggested that it did not, was that the CUSC Panel, when setting the Terms of Reference for the CMP259 modification suggested that this would be a modification application process modification as opposed to a wider access modification. As this proposed alternative would require a modification to the charging methodology (Section 14 of the CUSC) this posed a question as to whether the product should be pursued separately via new (charging and non-charging) CUSC modifications.

5.9 It was noted that it would be difficult to assess the proposed alternative in its worked up form against the applicable objectives. This was due to the fact that in order to fully explore a charging change to the CUSC a charging modification would need to be raised.

5.10 For the above reasons, the National Grid representative withdrew potential alternative two and noting that National Grid would seek to develop the TEC Release Option concept outside of CMP259. Similarly, potential alternative three in 5.9 above was not progressed for the reasons given.

6 Impact and Assessment

Impact on the CUSC

Changes to Section 6 and 15.

Impact on Greenhouse Gas Emissions

6.1 None identified.

Impact on Core Industry Documents

6.2 None identified.

Impact on other Industry Documents

6.3 None identified.

7 Proposed Implementation and Transition

7.1 It is suggested that following Authority decision CMP259 would be implemented ten working days after a decision to implement CMP259. It is noted that when the decision is made by the Authority that (if implemented) the year that the decrease in TEC (MW) will be for will be the following applicable charging year.

8 Workgroup Consultation Responses

8.1 The Workgroup Consultation closed on 3rd May 2016 and received eight responses. A summary of these responses can be found below; the full responses are included within Annex 5. There were a number of additional tailored questions added to the workgroup consultation which form part of the full responses in annex 5.

Respondent	Do you believe that CMP259 Original proposal, or any potential alternatives for change that you wish to suggest, better facilitates the Applicable CUSC Objectives?	Do you support the proposed implementation approach?	Do you have any other comments?
EDF Energy	CMP259 original does not overall better facilitate the objectives, as it has flaws; but if suitably amended, we believe that CMP259 could better facilitate the objectives. We would support a more modestly-framed modification of this nature where a generator could reserve TEC for 2 or 3 years [*i.e. aligned with the new build time frame. Effectively, new build parties reserve TEC for this period without paying]*,	Yes (ten working days after Authority decision).	We would support a modification of this nature where a generator could reserve TEC for 2 or 3 years, returning as-of-right to no more than the previously-held level of TEC for that site.
EON	Yes	Yes	No
RWE	Yes. We believe that the CMP259 proposal will better facilitate the Applicable CUSC objectives for the reasons given in the CMP259 Proposal.	Yes. We support the proposed implementation approachgiven in paragraph 6.1 of the Consultation.	No. As a workgroup participant, the Respondent has already provided comments on the CMP259 Proposal.
Scottish Power Energy Management	Yes. We believe that overall the Proposal better meets the Applicable CUSC Objectives than the current baseline. By simplifying the administrative process of notifying a TEC reduction and applying for a subsequent TEC increase into a single process the Proposal will marginally improve the efficiency of the process By making clear the generator's intention to seek an accompanying increase in TEC, the Transmission Licensee should be in a better position to plan future investment in the transmission system. The Proposal therefore better facilitates Applicable Objective (a). By removing the risk to generators that TEC reduced through the notification process may not be able to be increased as required at a future date, the Proposal enables generators to optimise the level of TEC held, potentially making additional capacity available to developers waiting to connect and may optimise the timing of transmission investment and thus reduce overall costs. The Proposal therefore better facilitates Applicable CUSC Objective (b) than the current baseline. The Proposal in neutral against Applicable CUSC Objective (c).	We agree with the proposed implementation approach.	No

SSE	We do not believe that CMP259 does better facilitate Applicable CUSC Objective (a) as it may create a 'perverse' incentive for plant to shut prematurely (i.e. mothball) which could be detrimental to security of supply which, in turn, could impede the Licensee in carrying out its obligations under the Act and the Transmission Licence. We do not believe that CMP259 does better facilitate Applicable CUSC Objective (b) as any 'TNUoS/TEC holiday' will result in other generators (up to the €2.50/MWh limit) and demand users paying for the TNUoS 'shortfall' arising from the TEC being held in abeyance for the user that utilises this functionality (if CMP259 were to be implemented). This would result, effectively, in those other users paying the TNUoS cost of that party which would place that party in a better competitive position relative to those other parties which would be detrimental to objective (b). In respect of Applicable CUSC Objective (c) we believe that CMP259 would not be better as the costs of the 'TNUoS/TEC holiday' would fall onto other users which would affect cross border trade. We note the implementation approach set out in Section 6. Notwithstanding our answer to Q1, if CMP259 were to be implemented then, In broad terms, we support the proposed implementation approach. However, given the linkage to the holding of TEC and its relationship with TNUoS, it would be prudent to set out when, in practical terms, the change would come into effect; i.e. for all TEC reductions, applied for in accordance with the CMP259 form(s) submitted to the NETSO, that come into effect on the 1st April after an Authority decision (as long as that decision is received ten working days prior to the 1st April).	We note the implementation approach set out in Section 6. Notwithstanding our answer to Q1, if CMP259 were to be implemented then, In broad terms, we support the proposed implementation approach. However, given the linkage to the holding of TEC and its relationship with TNUoS, it would be prudent to set out when, in practical terms, the change would come into effect; i.e. for all TEC reductions, applied for in accordance with the CMP259 form(s) submitted to the NETSO, that come into effect on the 1st April after an Authority decision (as long as that decision is received ten working days prior to the 1st April).	No
Intergen	With regard to CUSC objective (b) this modification does not improve upon the baseline. By allowing a generator to drop TEC and simultaneously re-book it for a future date, without risk of losing TEC to a new and/or alternative generator, this restricts competition in the generation of electricity. InterGen thus oppose this modification and maintain that any reduction in TEC should be treated as permanent. Proper opportunity should be afforded to prospective generators to enter the market and take up any TEC made available on a permanent basis. Any application for an increase in TEC should be treated on its own merits and an incumbent owner of TEC should not be able to reserve it for a later date.	No	Once the Capacity Market is operational there should be less volatility with TEC as generators are required to hold TEC for the relevant delivery year in order to prequalify for the Capacity Market. In the lead up to this, however, we have seen numerous instances of headline grabbing announcements from large generators to the effect that they are dropping TEC and considering permanent closure.

			Circumstances then alter and they are able to increase their TEC again for the CM and/or a bilateral contract with National Grid. These actions, along with SBR units, have distorted the market to the detriment and cost of the wider generation fleet. As there is no ramification of dropping TEC and no realistic threat of losing future TEC, operators could drop TEC for charging years that have weak prospects in the wholesale market and then increase again when the market improves. In the meantime, they have prevented any new capacity coming online in that transmission zone
SHET	In respect of **Objective (a)** adoption of this proposal could result in inefficiencies in areas such as network planning potentially resulting in untimely or unnecessary infrastructure investment in order to facilitate new generation in compliance with technical standards. Adoption of this modification would not better serve this objective. We do not consider that adoption of this modification would better facilitate **Objective (b).** We consider the proposal is neutral in respect of **Objective (c)**	No	Possible alternatives: 1) TNUoS holiday with subsequent recovery of lost revenue reflected in charges following return to service. 2) Reduced TNUoS for defined period of refurbishment with some form financial disincentive (similar to Delay charge proposals) associated with failure to return to service as planned.
Drax Power	No. We believe that, should CMP259 be approved, more generators will be inclined to reduce their TEC with the intention of returning at a later date. This approach would reduce the risk of a generator reducing its TEC and losing it permanently during the interval between submitting the two modification applications.	This seems sensible	There will be preferential treatment in favour of the generator utilising the provisions provided by CMP259. Under the baseline scenario, the generator that signs the contract first is granted the connection whereas under CMP259 it is the existing generator that will retain the connection. Therefore under CMP259 there is preferential treatment. It was highlighted that this is a relatively uncommon scenario at present, however, with more generators likely to reduce their TEC under CMP259, it is probable that this scenario becomes more material.

9 Views

9.1 The Workgroup believe that their Terms of Reference has been fully considered. One Workgroup Alternative CUSC Modifications was raised; this is outlined within paragraph 5.7 of this document. At their meeting on 1st July 2016, the Workgroup voted, four of the members stated that the Original proposal and WACM1 better facilitated the applicable CUSC objectives, three voted for the Original proposal, two voted for the baseline and one for WACM1.

For reference, the CUSC Objectives 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.

Workgroup Vote

9.2 Details of the vote are as follows;

Vote 1: Whether each proposal better facilitates the Applicable CUSC Objectives;

Original Proposal

Workgroup member	Applicable CUSC Objective			Overall
	(a)	(b)	(c)	
John Norbury	Yes	Yes	Neutral	Yes
Garth Graham	Neutral	Yes	Neutral	Yes
Wayne Mullins	No	No	Neutral	No
James Anderson	Yes	Yes	No	Yes
Joe Underwood	No	No	Neutral	No
Guy Phillips	Yes	Yes	No	Yes

WACM1

Workgroup member	Applicable CUSC Objective			Overall
	(a)	(b)	(c)	
John Norbury	Yes	Yes	Neutral	Yes
Garth Graham	Neutral	Yes	Neutral	Yes
Wayne Mullins	No	No	Neutral	No
James Anderson	Yes	Yes	Neutral	Yes
Joe Underwood	No	No	Neutral	No
Guy Phillips	Yes	Yes	Neutral	Yes

Vote 2: Whether each WACM better facilitates the Applicable CUSC Objectives than the Original Modification Proposal;

WACM1

Workgroup member	Applicable CUSC Objective			Overall
	(a)	(b)	(c)	
John Norbury	No	No	No	No
Garth Graham	No	Yes	No	Yes
Wayne Mullins	No	No	No	No
James Anderson	No	No	No	No
Joe Underwood	No	No	No	No
Guy Phillips	No	No	No	No

Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this includes the existing baseline as an option.

Workgroup member	BEST Option
John Norbury	Original
Garth Graham	WACM 1
Wayne Mullins	Baseline
James Anderson	Original
Joe Underwood	Baseline
Guy Phillips	Original

9.3 The Workgroup were asked to provide commentary on why they voted as above. Commentary received is as below;

Wayne Mullins stated that objective (a) would not be better facilitated due to the impact on interactive offers. In addition he stated that the implementation of CMP259 would cause there to be TNUoS volatility due to more frequent TEC variation as a consequence of reducing the risk a generator faces in doing so. Joe Underwood also agreed that it would cause there to be TNUoS volatility.

James Anderson stated that the Original better facilitated the applicable CUSC objectives than WACM1 as there is greater freedom and no need for a three year limit.

Annex 1 – CMP259 CUSC Modification Proposal Form

CUSC Modification Proposal Form CMP259

nationalgrid

Connection and Use of System Code (CUSC)

Title of the CUSC Modification Proposal
Clarification of decrease in TEC as a Modification
Submission Date
20 January 2016
Description of the Issue or Defect that the CUSC Modification Proposal seeks to address
A Generator that does not require all of its contracted transmission capacity (i.e. TEC) for a period of time, for example whilst undertaking major refurbishment works or mothballing a generating unit, may wish to reduce its TEC for one or more Financial Years in order to minimise its transmission network use of system (TNUoS) charge. However, in submitting a notice to reduce TEC, the Generator would also be irrevocably committed to an enduring TEC reduction with no certainty that the TEC would be restored at a later date, following submission of a modification application. Due to this risk, the Generator may decide not to reduce its TEC and continue to pay the accompanying TNUoS charge, despite not utilising its full level of TEC. In the event of such a decision, the transmission capacity associated with the TEC would remain un-utilised by the Generator and also not available for use by National Grid in its planning process or by other BM Participants (e.g. for the early connection of new generation or temporary TEC). The Proposer understands that, until at least 2012, it was considered acceptable practice under the CUSC for a Generator to submit a modification application to amend the terms of its Bilateral Agreement to reduce its TEC for a limited period of time only. The Proposer further understands that, since at least 2014, National Grid has not considered such a modification application to be permissible under the CUSC. Despite apparent this change in interpretation, to the effect that a TEC reduction may now only be achieved via notice under CUSC 6.30.1, the Proposer notes that the current Statement of Use of System Charges (2015/16) continues to provide an illustrative modification application fee in respect of an “Entry Application Fee for a Decrease TEC” (ref. page 28, item 8). The Proposer believes that the original intention of the CUSC was that a TEC reduction may be achieved via the submission of a modification application, in addition to being achieved via the submission of a notice, and this Modification Proposal seeks to clarify this interpretation of the CUSC that applied until at least 2012. In treating a TEC reduction and a subsequent TEC increase as a single variation to the Bilateral Agreement, the Generator would be able to commit to both changes simultaneously and minimise its risk by ensuring continuity of its contracted TEC.

The CUSC currently provides for a Generator to reduce its enduring Transmission Entry Capacity (TEC) of a Power Station only by notice under CUSC 6.30.1. The CUSC does not provide for a Generator to submit a modification application to amend the terms of its Bilateral Agreement to reduce its TEC for a limited period of time only, and for the TEC to revert to its previous or other specified MW level after this period. In the event that the Generator wishes to reduce TEC for a limited period of time only, a TEC reduction notice under CUSC 6.30.1 would first be required, followed by a modification application requesting an increase in TEC under CUSC 6.30.2.

Description of the CUSC Modification Proposal

It is proposed that the CUSC be amended to enable a User to request both a TEC reduction and a subsequent TEC increase in the form of a single modification application to National Grid, the outcome of which would be a single variation to the Bilateral Agreement. No change is proposed to the existing CUSC principles of User Commitment Methodology and Cancellation Charge provisions relating to TEC reduction, which would similarly apply to TEC reduction achieved via a modification application.

Impact on the CUSC

Illustrative changes to the legal text of the CUSC arising from this modification are as given below:

Under CUSC Section 6 General Provisions, insert new clause 6.30.1.3, renumber subsequent clauses, and amend renumbered CUSC 6.30.1.4:

6.30 **Transmission Entry Capacity**

6.30.1 Decrease in **Transmission Entry Capacity**

6.30.1.3 Subject to payment of the **Cancellation Charge**, each **User** shall be entitled to request a decrease to the **Transmission Entry Capacity** for the **Connection Site** or site of **Connection** in combination with a request for an increase in **Transmission Entry Capacity** made under **CUSC** 6.30.2 once the **Power Station** to which it relates has been **Commissioned.** Such request shall be deemed to be a **Modification** for the purposes of the **CUSC** but with the words "as soon as practicable……. not more than 3 months after" being read in the context of such **Modification** as being "within 28 days where practicable and in any event not more than 3 months (save where the **Authority** consents to a longer period) after"

6.30.1.~~3~~ 4 The decrease in the **Transmission Entry Capacity** shall take effect on either the first of April following the expiry of the notice period stated in the notice from the **User** under **CUSC** 6.30.1.1 or on the first of April in the year requested by the **User** in a **Modification** under **CUSC** 6.30.1.3 provided such effective date is later than the date upon which the **Bilateral Agreement** is varied.

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

Yes. It is considered that this Modification Proposal will reduce greenhouse gas emissions by (i) potentially reducing the need for unnecessary transmission infrastructure reinforcement and (ii) enabling low emission generating units to connect to the transmission system earlier than would otherwise be the case. These reductions are not considered to be material to the Modification Proposal and are not quantified.

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

BSC ☐

Grid Code ☐

STC ☐

Other ☐
(please specify)

No impact expected on other Core Industry Documents.

This change will also align the CUSC to the current Statement of Use of System Charges (2015/16), which already provides an illustrative modification application fee in respect of an "Entry Application Fee for a Decrease TEC" (ref. page 28, item 8).

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?

This CUSC Modification Proposal is considered unlikely to have a material effect on the above criteria.

Impact on Computer Systems and Processes used by CUSC Parties:

This CUSC Modification Proposal is considered unlikely to have an impact on Computer Systems and Processes used by CUSC Parties.

Details of any Related Modification to Other Industry Codes

No Related Modification to other Industry Documents and Codes

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

This Modification Proposal facilitates the efficient discharge by the Company of its obligations by:

(i) encouraging the notification of un-utilised transmission capacity (TEC), thereby enabling transmission investment to be optimised and

(ii) simplifying the administrative process and reducing the administrative burden on Users seeking to reduce TEC for a limited period of time.

(iii) Clarifying the intent of the CUSC.

☒ (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.

This Modification Proposal facilitates effective competition by:

(i) encouraging the release of contracted transmission capacity (TEC) for use by other Generators and

(ii) helping to remove unnecessary risk for Generators, leading to more efficient investment and operational decisions.

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

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

Additional details

Details of Proposer: (Organisation Name)	RWE Generation UK 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:	John Norbury 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
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Bill Reed RWE Supply & Trading GmbH T +44 (0)1793 893835 M +44 (0)7795 355310 bill.reed@rwe.com
Attachments (Yes/No): No **If Yes, Title and No. of pages of each Attachment:**	

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.

Annex 2 – CMP259 Terms of Reference

nationalgrid

Workgroup Terms of Reference and Membership
TERMS OF REFERENCE FOR CMP259 WORKGROUP

CMP259 aims CMP259 aims to amend the CUSC to enable a User to request both a TEC reduction and a subsequent TEC increase in the form of a single modification application to National Grid

Responsibilities

1. The Workgroup is responsible for assisting the CUSC Modifications Panel in the evaluation of CUSC Modification Proposal **259 'Clarification of decrease in TEC as a Modification'** tabled by RWE Power at the CUSC Modifications Panel meeting on 29th January 2016.

2. The proposal must be evaluated to consider whether it better facilitates achievement of the Applicable CUSC Objectives. These can be summarised as follows:

Applicable CUSC Objectives

(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.

3. It should be noted that additional provisions apply where it is proposed to modify the CUSC Modification provisions, and generally reference should be made to the Transmission Licence for the full definition of the term.

Scope of work

4. The Workgroup must consider the issues raised by the Modification Proposal and consider if the proposal identified better facilitates achievement of the Applicable CUSC Objectives.

5. In addition to the overriding requirement of paragraph 4, the Workgroup shall consider and report on the following specific issues:

a) Implementation
b) Review draft legal text
c) Consider the ability for two Users to transfer TEC between each other
d) Consider the interaction of CMP259 with securities under CMP192

e) Consider any issues with the connection queue and generators connecting within the time the User had requested reduced TEC Consider any charging impacts
f) Consider timescales on reduction
g) Consider any delay provision (e.g. a generator decides that they may want to delay their TEC being increased from the date in the original mod application and how this would work)
h) Consider delay charge interactions with CMP249

6. The Workgroup is responsible for the formulation and evaluation of any Workgroup Alternative CUSC Modifications (WACMs) arising from Group discussions which would, as compared with the Modification Proposal or the current version of the CUSC, better facilitate achieving the Applicable CUSC Objectives in relation to the issue or defect identified.

7. The Workgroup should become conversant with the definition of Workgroup Alternative CUSC Modification which appears in Section 11 (Interpretation and Definitions) of the CUSC. The definition entitles the Group and/or an individual member of the Workgroup to put forward a WACM if the member(s) genuinely believes the WACM would better facilitate the achievement of the Applicable CUSC Objectives, as compared with the Modification Proposal or the current version of the CUSC. The extent of the support for the Modification Proposal or any WACM arising from the Workgroup's discussions should be clearly described in the final Workgroup Report to the CUSC Modifications Panel.

8. Workgroup members should be mindful of efficiency and propose the fewest number of WACMs possible.

9. All proposed WACMs should include the Proposer(s)'s details within the final Workgroup report, for the avoidance of doubt this includes WACMs which are proposed by the entire Workgroup or subset of members.

10. There is an obligation on the Workgroup to undertake a period of Consultation in accordance with CUSC 8.20. The Workgroup Consultation period shall be for a period of 3 weeks as determined by the Modifications Panel.

11. Following the Consultation period the Workgroup is required to consider all responses including any WG Consultation Alternative Requests. In undertaking an assessment of any WG Consultation Alternative Request, the Workgroup should consider whether it better facilitates the Applicable CUSC Objectives than the current version of the CUSC.

As appropriate, the Workgroup will be required to undertake any further analysis and update the original Modification Proposal and/or WACMs. All responses including any WG Consultation Alternative Requests shall be included within the final report including a summary of the Workgroup's deliberations and conclusions. The report should make it clear where and why the Workgroup chairman has exercised his right under the CUSC to progress a WG Consultation Alternative Request or a WACM against the majority views of Workgroup members. It should also be explicitly stated where, under these circumstances, the Workgroup chairman is employed by the same organisation who submitted the WG Consultation Alternative Request.

12. The Workgroup is to submit its final report to the Modifications Panel Secretary on 19th May 2016 for circulation to Panel Members. The final report conclusions will be presented to the CUSC Modifications Panel meeting on 27th May 2016.

Membership

13. It is recommended that the Workgroup has the following members:

Role	Name	Representing
Chairman	John Martin	Code Administrator
*National Grid Representative**	Wayne Mullins	National Grid
*Industry Representatives**	Guy Phillips	EON
	James Anderson	Scottish Power
	John Norbury	RWE
	Garth Graham	SSE
	Joseph Underwood	Drax Power
Authority Representatives	Edda Dirks	Ofgem
Technical secretary	Chrissie Brown	Code Administrator
Observers		

NB: A Workgroup must comprise at least 5 members (who may be Panel Members). The roles identified with an asterisk in the table above contribute toward the required quorum, determined in accordance with paragraph 14 below.

14. The Chairman of the Workgroup and the Modifications Panel Chairman must agree a number that will be quorum for each Workgroup meeting. The agreed figure for CMP259 is that at least 5 Workgroup members must participate in a meeting for quorum to be met.

15. A vote is to take place by all eligible Workgroup members on the Modification Proposal and each WACM. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference). The Workgroup chairman shall not have a vote, casting or otherwise. There may be up to three rounds of voting, as follows:

- Vote 1: whether each proposal better facilitates the Applicable CUSC Objectives;
- Vote 2: where one or more WACMs exist, whether each WACM better facilitates the Applicable CUSC Objectives than the original Modification Proposal*;*
- Vote 3: which option is considered to BEST facilitate achievement of the Applicable CUSC Objectives. For the avoidance of doubt, this vote should include the existing CUSC baseline as an option.

The results from the vote and the reasons for such voting shall be recorded in the Workgroup report in as much detail as practicable.

16. It is expected that Workgroup members would only abstain from voting under limited circumstances, for example where a member feels that a proposal has been insufficiently developed. Where a member has such concerns, they should raise these with the Workgroup chairman at the earliest possible opportunity and certainly before the Workgroup vote takes place. Where abstention occurs, the reason should be recorded in the Workgroup report.

17. Workgroup members or their appointed alternate are required to attend a minimum of 50% of the Workgroup meetings to be eligible to participate in the Workgroup vote.

18. The Technical Secretary shall keep an Attendance Record for the Workgroup meetings and circulate the Attendance Record with the Action Notes after each meeting. This will be attached to the final Workgroup report.

19. The Workgroup membership can be amended from time to time by the CUSC Modifications Panel.

Appendix 1 – Indicative Workgroup Timetable

The following timetable is indicative for CMP259

5th February 2016	Deadline for comments on Terms of Reference / nominations for Workgroup membership
15th February 2016	Workgroup meeting 1
w/c 29th February 2016	Workgroup meeting 2
10th March 2016	Workgroup Consultation issued for 1 week Workgroup comment
17th March 2016	Deadline for comment
21st March 2016	Workgroup Consultation published
18th April 2016	Deadline for responses
W/C 25th April 2016	Workgroup meeting 3
1st May 2016	Circulate draft Workgroup Report
8th May 2016	Deadline for comment
19th May 2016	Submit final Workgroup Report to Panel
27th May 2016	Present Workgroup Report at CUSC Modifications Panel

Post-Workgroup modification timetable

31st May 2016	Code-Administrator Consultation published
21st June 2016	Deadline for responses
24th June 2016	Draft FMR published
1st July 2016	Deadline for comments
21st July 2016	Draft FMR issued to CUSC Panel
29th July 2016	CUSC Panel Recommendation vote
10 August 2016	Final CUSC Modification Report submitted to Authority

Annex 3 – Workgroup attendance register

A – Attended
X – Absent
O – Alternate
D – Dial-in

Name	Organisation	Role	15/02/2016	04/03/2016	05/05/2016	19/05/2016	01/07/2016
John Martin	National Grid	Independent Chair	A	A	A	A	A
Christine Brown	Code Administrator	Technical Secretary	A	A	A	A	A
John Norbury	RWE	Workgroup member(proposer)	A	A	A	A	A
Wayne Mullins	National Grid	Workgroup member	A	A	A	A	A
Guy Phillips	EON	Workgroup member	A	A	A	A	A
James Anderson	Scottish Power	Workgroup member	A	A	A	A	D
Garth Graham	SSE	Workgroup member	D	D	D	O	D
Joseph Underwood	Drax Power	Workgroup member	A	A	A	A	A
Edda Dirks	Ofgem	Authority Representative	D	A	A	A	X

Annex 4 – Modification Application scenarios

The following provides a simple queue management scenario, in which there is 1GW of existing network capacity and 1GW of existing generation. A further 1GW of network capacity can be delivered in year y+3. This highlights how the applications would be treated and the resulting offers in each case. It is worth noting that in reality, there will be other factors that also affecting offered dates, for example the evolution of demand and distributed generation in affecting areas.

Scenario	CUSC Arrangements	Generator A Application	Generator B Application	Generator A Offer	Generator B Offer
1 (a)	Post-CMP259	1GW TEC reduction from year y; and 1GW TEC increase in year y+2	N/A (No queue)	1GW TEC from y+2	N/A
1 (b)	Existing	No Existing TEC (i.e. reduction already commited); and 1GW TEC increase from year y+2	N/A (No queue)	1GW TEC from y+2	N/A
2 (a)	Post-CMP259	1GW TEC reduction from year y; and 1GW TEC increase in year y+2	Contracted: 1GW TEC from y+3 Desires earlier connection (y+1)	1GW TEC from y+3, may modify to y+2, should B not advance.	As contracted (already signed), may modify to y+1
2 (b)	Existing	No Existing TEC; and 1GW TEC increase from year y+2	Contracted: 1GW TEC from y+1	1GW TEC from y+3, may modify to y+2, should B not advance.	As contracted (already signed), may modify to y+2
2 (a)	Post-CMP259	1GW TEC reduction from year y; and 1GW TEC increase in year y+2	Contracted: 1GW TEC from y+3 Earlier connection not desired.	1GW TEC from y+2	As contracted (already signed)
2 (b)	Existing	No Existing TEC; and 1GW TEC increase from year y+2	Contracted: 1GW TEC from y+3 Earlier connection not desired.	1GW TEC from y+2	As contracted (already signed)
3 (a)	Post-CMP259	1GW TEC reduction from year y; and 1GW TEC increase in year y+2	Existing Application: 1GW TEC from y+1	1GW TEC from y+2	1GW TEC from y+3

Scenario	CUSC Arrangements	Generator A Application	Generator B Application	Generator A Offer	Generator B Offer
3 (b)	Existing	No Existing TEC; and 1GW TEC increase from year y+2	Existing Application: 1GW TEC from y+1	1GW TEC from y+2 (interactive with B, offered y+3 if B signs first)	1GW TEC from y+1 (interactive with A, offered y+3 if A signs first
4 (a)	Post-CMP259	1GW TEC reduction from year y; and 1GW TEC increase in year y+2	Subsequent Application (Pre-Gen A Offer): 1GW TEC from y+1	1GW TEC from y+2	1GW TEC from y+3
4 (b)	Existing	No Existing TEC; and 1GW TEC increase from year y+2	Subsequent Application (Pre-Gen A Offer): 1GW TEC from y+1	1GW TEC from y+2 (interactive with B, offered y+3 if B signs first)	1GW TEC from y+1 (interactive with A, offered y+3 if A signs first
5 (a)	Post-CMP259	1GW TEC reduction from year y; and 1GW TEC increase in year y+2	Existing Offer: 1GW TEC from y+3 Desires earlier connection (y+1)	1GW TEC from y+2	Existing: 1GW TEC from y+3
5 (b)	Existing	No Existing TEC; and 1GW TEC increase from year y+2	Existing Offer: 1GW TEC from y+3 Desires earlier connection (y+1)	1GW TEC from y+2 (interactive)	Option to modify to 1GW TEC from y+1 (interactive)
6 (a)	Post-CMP259	1GW TEC reduction from year y; and 1GW TEC increase in year y+2	Subsequent Application (Post-Gen A Offer): 1GW TEC from y+1	1GW TEC from y+2	Existing: 1GW TEC from y+3
6 (b)	Existing	No Existing TEC; and 1GW TEC increase from year y+2	Subsequent Application (Post-Gen A Offer): 1GW TEC from y+1	1GW TEC from y+2 (interactive)	1GW TEC from y+1 (interactive)
7 (a)	Post-CMP259	Contracted: 1GW TEC reduction from year y; and 1GW TEC increase in year y+2	Subsequent Application (Post-Gen A Offer): 1GW TEC from y+2	Existing: 1GW TEC from y+2	1GW TEC from y+3
7 (b)	Existing	No Existing TEC; and Contracted: 1GW TEC increase from year y+2	Subsequent Application (Post-Gen A Offer): 1GW TEC from y+2	Existing: 1GW TEC from y+2	1GW TEC from y+3

Annex 5 – Workgroup Consultation responses

CUSC Workgroup Consultation Response Proforma

CMP259 'Clarification of decrease in TEC as a Modification'

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 **17:00 3rd May 2016** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Christine Brown at Christine.brown1@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	*Joe Underwood – Joseph.Underwood@drax.com – 01757 612736*
Company Name:	*Drax*
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Standard CUSC Objectives** (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.

Standard Workgroup consultation questions

Q	Question	Response

1	**Do you believe that CMP259 Original proposal, or any potential alternatives for change that you wish to suggest, better facilitates the Applicable CUSC Objectives?**	No. We believe that, should CMP259 be approved, more generators will be inclined to reduce their TEC with the intention of returning at a later date. This approach would reduce the risk of a generator reducing its TEC and losing it permanently during the interval between submitting the two modification applications. Whilst this appears reasonable from the economics of the generator, it places other users at a distinct disadvantage: (a) while new generators can utilise this TEC on a temporary basis, we do not believe that there is a sufficient secondary TEC market. Therefore the process effectively "locks-out" TEC, withholding it from new generators, whilst allowing the existing generator to avoid charges for reserved transmission assets; and (b) those generators locking-out TEC will in effect be subsidised by those generators paying transmission charges, i.e. there is no reservation fee charged, regardless of the cost of managing and maintaining the reserved assets. The modification acts as a "payment break" without any consequence (or potential of consequence) of the assets being reallocated to another connecting party – it is essentially a free option. Whilst participants can achieve the same outcome today (by making two applications), the existing system at least notionally provides the opportunity for others to make use of the assets, if their application is submitted in the meantime. As such, this modification is a step in the wrong direction – the CUSC should be modified to ensure those relinquishing and reserving TEC for a later date pay a fair contribution to the upkeep of the assets. We also note that a generator will be able to continuously push back its reconnection date, provided at least one year and five days' notice is given. This will further exacerbate the "free option" (effective subsidy) element of this modification. This is detrimental to ACO (a), as a generator is able to potentially withhold a large volume of TEC (indefinitely) with National Grid being unable to efficiently reallocate the resource. Furthermore, under scenario 3a described in annex 4 of the workgroup report, CMP259 could be seen as discriminatory to the connecting generator, resulting in a detriment to ACO (b). There will be preferential treatment in favour of the generator utilising the provisions provided by CMP259. Under the baseline scenario, the generator that signs the contract first is granted

Q	Question	Response
		the connection whereas under CMP259 it is the existing generator that will retain the connection. Therefore under CMP259 there is preferential treatment. It was highlighted that this is a relatively uncommon scenario at present, however, with more generators likely to reduce their TEC under CMP259, it is probable that this scenario becomes more material.
2	**Do you support the proposed implementation approach?**	This seems sensible.
3	**Do you have any other comments?**	Not at this time.
4	**Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?**	Not at this time.

Specific questions for CMP254

Q	Question	Response
5	**Do you believe that should CM259 be implemented there would be a subsequent greater reduction in TEC (MW) across the Transmission system than would have been the case without CMP259?**	Yes. Under CMP259, generators will be able to reduce their TEC with the ability to bring it back at a later date risk- and fee-free. As the proposer highlighted in their proposal form, some generators will likely hold onto their TEC in order to retain certainty that they will be able to reconnect at a later date. This implies that more generators will likely utilise the provisions implemented by CMP259, should it be accepted. As highlighted in the answer to question 1 above, this will result in an increased number of generators taking “TNUoS breaks”, subsidised by the rest of the generation fleet.

Q	Question	Response
6	**If at least one year and five days' notice of the (MW) TEC reduction has been given by the generator, then the TNUoS charges that would otherwise have been paid by the generator would be entirely funded via the remaining generators across the system paying an additional amount through an increase in the Generation Residual Tariff element, unless another generator utilises this capacity. Under CMP259, generators may pay this additional residual charge for capacity which may not actually be available for permanent reallocation because its return has been guaranteed to the generator making the modification application. What are your views about this?**	As described above, we believe that other existing generators should not have to subsidise a generator, by way of paying for the cost recovery and ongoing maintenance of assets allocated to them, who submitted the modification application to reduce and lock-out TEC. This "payment break", without risk or consequence, is essentially a free option. Whilst participants can achieve the same outcome today (by making two applications), the existing system at least notionally provides the opportunity for others to make use of the assets, if their application is submitted in the meantime. As such, this modification is a step in the wrong direction – the CUSC should be modified to ensure those relinquishing and reserving TEC for a later date pay a fair contribution to the upkeep of the assets. We also note that a generator will be able to continuously push back its reconnection date, provided at least one year and five days' notice is given. This will further exacerbate the "free option" (effective subsidy) element of this modification. This is detrimental to ACO (a), as a generator is able to potentially withhold a large volume of TEC (indefinitely) with National Grid being unable to efficiently reallocate the resource.

Q	Question	Response
7	**Do you believe CMP259 would alter the signal provided to Generators through TNUoS charges?**	Those in expensive TNUoS zones may be more likely utilise CMP259, allowing them to mothball until they are able to secure an increased level of cost recovery. The intermittent and flexible nature of the modification (i.e. no long-term signal required and ability to extend the payment break) may make longer-range TNUoS forecasting less effective and may impact shorter-term TNUoS volatility (i.e. in supplier contracting timescales). This variability will certainly be difficult to model in National Grid's five year forecast. Further, under the baseline, a generator's willingness to give up TEC depends on how it values the continued right to access the system and the associated TNUoS charge – i.e. there is an economic signal. Whilst the effects of CMP259 can be achieved today by making two applications, the risk of losing TEC makes the signal stronger by ensuring it is not a totally free option. We believe this signal is economically efficient, although admittedly weak. This signal should be strengthened, not eroded, and CMP259 represents a step in the wrong direction.
8	**Do you believe that the process for issuing Interactive offers would be affected by CMP259 and that this would require a change in the manner in which capacity can be allocated by TOs?**	Yes, as highlighted in the response to question 1 above, there will be preferential treatment in favour of the generator utilising the provisions provided by CMP259. Under the baseline scenario, the generator that signs the contract first is granted the connection whereas under CMP259 it is the existing generator that will retain the connection. Therefore under CMP259 there is preferential treatment. It was highlighted that this is a relatively uncommon scenario at present, however, with more generators likely to reduce their TEC under CMP259, it is probable that this scenario becomes more material.
9	**There are a number of scenarios outlined in Annex 4. What are your views about the impact of the proposals on these? Are there any additional scenarios that that the Workgroup should consider?**	Please see the answer to question 8 above.

Q	Question	Response
10	**Do you agree that should a generator reduce its TEC (MW) level to 0 in any charging year that the generic figure should be used to calculate their ALF level?**	Yes, this seems sensible. We would like to note for clarity that should a site be replanted/replaced by another generator (i.e. different technology/fuel type) in place of the old generation equipment (as highlighted in paragraph 4.39 of the workgroup report), then a generic figure (relevant to the new technology) should be used to calculate the ALF, as would be the case for a new generator.
11	**In your opinion, what are the potential benefits of CMP259? Could you provide evidence of these benefits?**	Generators will be able to reduce and then subsequently increase their TEC with certainty. However, as highlighted in our answer to question 1 above, there are many subsequent disbenefits in relation to this. As a charging principle, we do not believe this is a step in the right direction. It further exacerbates the withholding of TEC, impacting the ability of new entrants to enter the market, whilst reinforcing a cross-subsidy that (whilst existent today) we believe is an unintended consequence of the current rules.
12	**Do you believe that CMP259 will facilitate a more efficient utilisation of the transmission system?**	We believe the assertion made during workgroup discussions, that a benefit of CMP259 could be a reduction in investment by TOs due to an increased reallocation of TEC, is doubtful. We do not believe that there is a sufficient secondary TEC market. It is also highly unlikely in most cases that in the event a generator does reduce its TEC for the period of one year, for example, that another generator could meaningfully utilise it. It is therefore highly improbable that CMP259 will facilitate a more efficient utilisation of the transmission system. Instead, it is much more likely that reserved TEC will go unutilised and the remaining generators will subsidise the free transmission access options held by others.

CUSC Workgroup Consultation Response Proforma

CMP259 'Clarification of decrease in TEC as a Modification'

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 **17:00 3rd May 2016** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Christine Brown at Christine.brown1@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	*Paul Mott*
Company Name:	EDF Energy
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Standard CUSC Objectives** (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.

Standard Workgroup consultation questions

Q	Question	Response
1	**Do you believe that CMP259 Original proposal, or any potential alternatives for change that you wish to suggest, better facilitates the Applicable CUSC Objectives?**	CMP259 original does not overall better facilitate the objectives, as it has flaws; but if suitably amended, we believe that CMP259 could better facilitate the objectives. The two flaws that we believe are inherent in CMP259 original is the ability of a generator to reserve TEC capacity, without paying for it, for an unlimited period of time; and, the ability to come back to a higher level of TEC than the previous holding (which isn't precluded). Over a long period of time the system itself might change too much for Grid to be able to give back the TEC. Some assets that connect the mothballed generators, which might comprise enabling works as regards new generators that may want to connect if built there, would have to be "sterilised" or held as reserved for the mothballing generator for too long. New generators would thus be unable to connect as early as they ought under connect and manage, or perhaps unable to connect at all in any workable timeframe. We would support a more modestly-framed modification of this nature where a generator could reserve TEC for 2 or 3 years [*i.e. aligned with the new build time frame. Effectively, new build parties reserve TEC for this period without paying]*, returning as-of-right to no more than the previously-held level of TEC for that site. This would allow efficient planning to be undertaken by existing generators, and would avoid forcing them into irrevocable closure decisions merely for want of other options. The intent of the mod is good; it is inefficient that generators cannot rescind TEC short-term, for fear of never getting it back.
2	**Do you support the proposed implementation approach?**	Yes (ten working days after Authority decision).
3	**Do you have any other comments?**	No
4	**Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?**	We would support a modification of this nature where a generator could reserve TEC for 2 or 3 years, returning as-of-right to no more than the previously-held level of TEC for that site.

Specific questions for CMP254

Q	Question	Response

Q	Question	Response
5	**Do you believe that should CM259 be implemented there would be a subsequent greater reduction in TEC (MW) across the Transmission system than would have been the case without CMP259?**	In its original form, if passed it would make it too easy to rescind TEC for as long as the generator wants; grid would have to hold the TEC (or even more) available for a long time, even though the system background might change a lot over that time.). Reserving TEC indefinitely without the generator it is being reserved for paying for it, doesn't make sense as the whole system background may change; Grid would need to be cautious and "freeze" or hold under-utilised, even more assets than the obvious ones. So, our answer to question 5 if the original isn't altered, is "yes". In the alternative form of the mod that we suggest in this response, plant temporarily rescinding TEC would probably otherwise have felt compelled to close, so our answer to question 5 if the original isn't altered, is then "no".
6	**If at least one year and five days' notice of the (MW) TEC reduction has been given by the generator, then the TNUoS charges that would otherwise have been paid by the generator would be entirely funded via the remaining generators across the system paying an additional amount through an increase in the Generation Residual Tariff element, unless another generator utilises this capacity. Under CMP259, generators may pay this additional residual charge for capacity which may not actually be available for permanent reallocation because its return has been guaranteed to the generator making the modification application. What are your views about this?**	We note that under CMP259, generators may pay an additional generation residual charge to cover lost TNUoS income from reserved capacity which is not being paid for during the period of reservation. On the other hand, if the plant has a future once again in more viable market conditions in the near future, it may not be in the interests of total consumer cost minimisation that it be forced into an irrevocable closure decision, with adverse security of supply implications and, if a new generator then has to be incentivised to be built, adverse environmental implications from manufacturing the parts and foundations of that new generator and connecting to its new site(s), and various costs that could have been avoided, or would have been less, had the old plant not felt forced into a premature permanent closure decision. There are wider costs at stake, than just the generation TNUoS residual charge element. If the mod were developed in the moderated form which we recommend, the overall balance of consumer interest, and of the interests of new generators, is probably best met, whereas the mod in its original form may be too likely to be deleterious to the interests of new generators, and may operate inefficiently and unreasonably in requiring Grid to hold TEC frozen, for free, whilst the system may develop a good deal across a number of years whilst the TEC is held ready for the mothballed generator.
7	**Do you believe CMP259 would alter the signal provided to Generators through TNUoS charges?**	It is not so much the TNUoS charge that concerns us here, as the access right issue. At the moment, de-coupling the process for the reduction of TEC from the process for increasing TEC is what provides risk - not the TNUoS..

Q	Question	Response
8	**Do you believe that the process for issuing Interactive offers would be affected by CMP259 and that this would require a change in the manner in which capacity can be allocated by TOs?**	No, if the mod is passed in its diluted form that we recommend.
9	**There are a number of scenarios outlined in Annex 4. What are your views about the impact of the proposals on these? Are there any additional scenarios that that the Workgroup should consider?**	No comment
10	**Do you agree that should a generator reduce its TEC (MW) level to 0 in any charging year that the generic figure should be used to calculate their ALF level?**	Yes, the ALF is likely to be wrong due to the average over 5 years. The mod needs to adjust for this, and this is one way to do that.
11	**In your opinion, what are the potential benefits of CMP259? Could you provide evidence of these benefits?**	See reply to question 6
12	**Do you believe that CMP259 will facilitate a more efficient utilisation of the transmission system?**	See reply to question 6

CUSC Workgroup Consultation Response Proforma

CMP259 'Clarification of decrease in TEC as a Modification'

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 **17:00 3rd May 2016** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Christine Brown at Christine.brown1@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	*Guy Phillips (guy.phillips@uniper.energy)*
Company Name:	*E.ON Group (including Uniper)*
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Standard CUSC Objectives** (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.

Standard Workgroup consultation questions

Q	Question	Response
1	**Do you believe that CMP259 Original proposal, or any potential alternatives for change that you wish to suggest, better facilitates the Applicable CUSC Objectives?**	Yes.
2	**Do you support the proposed implementation approach?**	Yes.
3	**Do you have any other comments?**	No.
4	**Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?**	No.

Specific questions for CMP254

Q	Question	Response
5	**Do you believe that should CM259 be implemented there would be a subsequent greater reduction in TEC (MW) across the Transmission system than would have been the case without CMP259?**	No. This is because the potential for a generator to reduce TEC is for other factors, whether for technical, economic or a combination of both reasons and is not driven by the ease of the process of reducing TEC and potentially getting it back. The process proposed by CMP259 is not fundamentally different than the current arrangements whereby a generator can serve notice to reduce TEC and simultaneously submit a Modification Application to increase TEC in a later year. All the process in CMP259 does is give a generator considering reducing TEC for a period of time more certain information over the risk of whether it can get the TEC back for when it expects to use it again when processing a potential TEC reduction. Explicitly enabling a TEC reduction, combined with a future increase, in the same Modification Application also gives the System Operator more visibility over an existing generator's potential changes, noting that it is not obliged to accept the Modification Offer and could still reduce TEC by notice.

Q	Question	Response
6	**If at least one year and five days' notice of the (MW) TEC reduction has been given by the generator, then the TNUoS charges that would otherwise have been paid by the generator would be entirely funded via the remaining generators across the system paying an additional amount through an increase in the Generation Residual Tariff element, unless another generator utilises this capacity. Under CMP259, generators may pay this additional residual charge for capacity which may not actually be available for permanent reallocation because its return has been guaranteed to the generator making the modification application. What are your views about this?**	It is not fundamentally different than the existing arrangements, whereby a generator may mothball or temporarily reduce TEC without the certainty provided by the CMP259 process, but also submit a Modification Application to increase TEC at the same time that it serves notice to reduce TEC. Transmission Allowed Revenue still has to be recovered in accordance with the TNUoS charging methodology. If a generator does not have TEC in any year it cannot use the transmission system and therefore should not be subject to the charges for use of the system it does not intend to use.
7	**Do you believe CMP259 would alter the signal provided to Generators through TNUoS charges?**	No, as CMP259 does not alter the locational TNUoS signal or notice periods associated with user commitment for existing generators.
8	**Do you believe that the process for issuing Interactive offers would be affected by CMP259 and that this would require a change in the manner in which capacity can be allocated by TOs?**	The CMP259 process should not alter the TO's and SO's existing approach to considering interactivity issues. The scenario's outlined in Annex 4 illustrate the assessment that the TO's and SO have to consider when different applications and requests are submitted by different Users seeking to use the transmission system. The workgroup discussions particularly around scenario 3a in paragraphs 4.29 to 4.34 are reflective of those considerations.

Q	Question	Response
9	**There are a number of scenarios outlined in Annex 4. What are your views about the impact of the proposals on these? Are there any additional scenarios that that the Workgroup should consider?**	See response to question 8. We have not identified any other scenarios.
10	**Do you agree that should a generator reduce its TEC (MW) level to 0 in any charging year that the generic figure should be used to calculate their ALF level?**	It is sensible to use the generic ALF for a charging year in which a generator has a TEC of zero to avoid an indeterminate load factor for that year or years.
11	**In your opinion, what are the potential benefits of CMP259? Could you provide evidence of these benefits?**	The CMP259 process enables an existing generator to have more information when assessing a temporary reduction in TEC. It provides TO's and the SO with potentially earlier information of an existing generator's intentions enabling potentially more efficient investment or operational decisions and associated expenditure, with potentially better overall utilisation of the transmission system. The proposal enables a more orderly release of capacity that could otherwise be used by other parties, even if that is only to enable better utilisation of short term capacity products.
12	**Do you believe that CMP259 will facilitate a more efficient utilisation of the transmission system?**	Yes, as an existing generator still has to factor in User Commitment and Modification Application timescales when considering using the CMP259 process. This time facilitates some of the potential benefits outlined in response to question 11 above.

CUSC Workgroup Consultation Response Proforma

CMP259 'Clarification of decrease in TEC as a Modification'

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Please send your responses by **17:00 3rd May 2016** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Christine Brown at Christine.brown1@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	*Please insert your name and contact details (phone number or email address)*
Company Name:	*Please insert Company Name*
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Standard CUSC Objectives** (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.

Standard Workgroup consultation questions

Q	Question	Response
1	**Do you believe that CMP259 Original proposal, or any potential alternatives for change that you wish to suggest, better facilitates the Applicable CUSC Objectives?**	With regard to CUSC objective (b) this modification does not improve upon the baseline. By allowing a generator to drop TEC and simultaneously re-book it for a future date, without risk of losing TEC to a new and/or alternative generator, this restricts competition in the generation of electricity. InterGen thus oppose this modification and maintain that any reduction in TEC should be treated as permanent. Proper opportunity should be afforded to prospective generators to enter the market and take up any TEC made available on a permanent basis. Any application for an increase in TEC should be treated on its own merits and an incumbent owner of TEC should not be able to reserve it for a later date.
2	**Do you support the proposed implementation approach?**	No.
3	**Do you have any other comments?**	Once the Capacity Market is operational there should be less volatility with TEC as generators are required to hold TEC for the relevant delivery year in order to prequalify for the Capacity Market. In the lead up to this, however, we have seen numerous instances of headline grabbing announcements from large generators to the effect that they are dropping TEC and considering permanent closure. Circumstances then alter and they are able to increase their TEC again for the CM and/or a bilateral contract with National Grid. These actions, along with SBR units, have distorted the market to the detriment and cost of the wider generation fleet. As there is no ramification of dropping TEC and no realistic threat of losing future TEC, operators could drop TEC for charging years that have weak prospects in the wholesale market and then increase again when the market improves. In the meantime, they have prevented any new capacity coming online in that transmission zone.
4	**Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?**	*If yes, please complete a WG Consultation Alternative Request form, available on National Grid's website[1], and return to the CUSC inbox at cusc.team@nationalgrid.com*

Specific questions for CMP254

[1] http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/forms_guidance/

Q	Question	Response
5	**Do you believe that should CM259 be implemented there would be a subsequent greater reduction in TEC (MW) across the Transmission system than would have been the case without CMP259?**	Yes. Generators will suffer no risk of losing future TEC so will not hold on to it/pay for it to offset this risk. It can be expected that generators will be far more active in managing TEC from year to year to respond to market signals and for managing maintenance activities.
6	**If at least one year and five days' notice of the (MW) TEC reduction has been given by the generator, then the TNUoS charges that would otherwise have been paid by the generator would be entirely funded via the remaining generators across the system paying an additional amount through an increase in the Generation Residual Tariff element, unless another generator utilises this capacity. Under CMP259, generators may pay this additional residual charge for capacity which may not actually be available for permanent reallocation because its return has been guaranteed to the generator making the modification application. What are your views about this?**	This is an unintended and undesirable consequence of the modification and should be considered further as this is not appropriate. If the capacity were to be made available to other generators on a permanent basis then the amount of unused capacity would likely decrease versus the proposed solution. Generators have no control over the actions of others in regards to their TEC but could be subject to the impact of others' actions, thus facing higher TNUoS charging with no ability to react once the TEC register has been published for a charging year.
7	**Do you believe CMP259 would alter the signal provided to Generators through TNUoS charges?**	We believe that CMP259 will create more volatility in TNUoS charges. TEC bookings are likely to reflect the increased flexibility provided to existing generators. It will become more difficult for National Grid to forecast TNUoS in advance of delivery and developers of new generation will have to price in this volatility in TNUoS pricing.

Q	Question	Response
8	**Do you believe that the process for issuing Interactive offers would be affected by CMP259 and that this would require a change in the manner in which capacity can be allocated by TOs?**	Yes. Drops in TEC (with future increases) by existing generators will offer no benefit in terms of creating available permanent TEC for new build projects.
9	**There are a number of scenarios outlined in Annex 4. What are your views about the impact of the proposals on these? Are there any additional scenarios that that the Workgroup should consider?**	No comment.
10	**Do you agree that should a generator reduce its TEC (MW) level to 0 in any charging year that the generic figure should be used to calculate their ALF level?**	Yes.
11	**In your opinion, what are the potential benefits of CMP259? Could you provide evidence of these benefits?**	For existing generators that are on the margin they will be able to respond to market signals and consider removing a fixed cost (TEC) during a year when the market does not support operating the plant. This should result in fewer permanent closures of the existing fleet with increased instances of temporary mothballing instead. CMP259 will not allow for true competition for available capacity should it become 'unused' following a temporary drop in TEC.
12	**Do you believe that CMP259 will facilitate a more efficient utilisation of the transmission system?**	For the existing fleet yes but developers of new generation will be disadvantaged.

CUSC Workgroup Consultation Response Proforma

CMP259 'Clarification of decrease in TEC as a Modification'

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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 Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Standard CUSC Objectives** (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.

Standard Workgroup consultation questions

Q	Question	Response
1	**Do you believe that CMP259 Original proposal, or any potential alternatives for change that you wish to suggest, better facilitates the Applicable CUSC Objectives?**	Yes. We believe that the CMP259 proposal will better facilitate the Applicable CUSC objectives for the reasons given in the CMP259 Proposal.
2	**Do you support the proposed implementation approach?**	Yes. We support the proposed implementation approach given in paragraph 6.1 of the Consultation.
3	**Do you have any other comments?**	No. As a workgroup participant, the Respondent has already provided comments on the CMP259 Proposal.
4	**Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?**	No. *If yes, please complete a WG Consultation Alternative Request form, available on National Grid's website[1], and return to the CUSC inbox at cusc.team@nationalgrid.com*

Specific questions for CMP254

Q	Question	Response
5	**Do you believe that should CM259 be implemented there would be a subsequent greater reduction in TEC (MW) across the Transmission system than would have been the case without CMP259?**	The CMP259 Proposal aims to provide Generators with more certainty and thereby enable more efficient decisions to be made regarding future TEC (MW) changes. In the absence of CMP259, TEC (MW) reductions for a limited duration by Generators are potentially more random and less predictable. In the absence of the appropriate data, it is difficult to speculate whether CMP259 would result in a greater reduction of TEC (MW) than would otherwise be the case. Similarly, it is difficult to speculate to what extent any such TEC (MW) reductions would then be utilised by other Generators in the form of enduring or temporary TEC.

[1] http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/forms_guidance/

Q	Question	Response
6	**If at least one year and five days' notice of the (MW) TEC reduction has been given by the generator, then the TNUoS charges that would otherwise have been paid by the generator would be entirely funded via the remaining generators across the system paying an additional amount through an increase in the Generation Residual Tariff element, unless another generator utilises this capacity. Under CMP259, generators may pay this additional residual charge for capacity which may not actually be available for permanent reallocation because its return has been guaranteed to the generator making the modification application. What are your views about this?**	The reallocation of costs following a TEC reduction under CMP259 would be no different to the reallocation of costs following any other change to TEC, from either a pre-commissioned or commissioned generator. The reallocation of costs, as described in Q6, would be a consequence of the Charging Methodologies as set out in the CUSC and consistent with the principles of CMP192. We do not believe that it would be appropriate to amend the Charging Methodologies as a result of CMP259.
7	**Do you believe CMP259 would alter the signal provided to Generators through TNUoS charges?**	No. CMP259 would enable Generators to respond more efficiently to the signal provided through TNUoS charges.
8	**Do you believe that the process for issuing Interactive offers would be affected by CMP259 and that this would require a change in the manner in which capacity can be allocated by TOs?**	No. We do not believe that the process for issuing interactive offers would be affected by CMP259.

Q	Question	Response
9	**There are a number of scenarios outlined in Annex 4. What are your views about the impact of the proposals on these? Are there any additional scenarios that that the Workgroup should consider?**	The scenarios presented largely depend on the behaviour of Generator A and how such behaviour would change under CMP259. Whilst useful, we believe that these scenarios are consequential and secondary to the primary effect of CMP259 in enabling Generator A to make a more informed and efficient decision. We note that no scenario including temporary TEC (MW) has been provided.
10	**Do you agree that should a generator reduce its TEC (MW) level to 0 in any charging year that the generic figure should be used to calculate their ALF level?**	Yes. We agree that the generic figure should be used in the ALF calculation.
11	**In your opinion, what are the potential benefits of CMP259? Could you provide evidence of these benefits?**	We believe that the main potential benefits of the CMP259 Proposal are as follows: (i) Enables the Generator to make a more informed and efficient decision regarding its future TEC (MW) requirements. (ii) Helping to create a more efficient process for the notification of un-utilised TEC (MW) by Generators. (iii) Facilitating efficient transmission investment and utilisation. (iv) Potentially releasing TEC (MW) transmission capacity for the advancement of new transmission connections and/or temporary TEC increases. (v) Establishing equitable treatment of connected generators with pre-commissioned generators and also supplier demand in terms of TNUoS charges and transmission access capacity risk. It is not clear what form of evidence is expected and that can be provided in respect of the potential benefits.
12	**Do you believe that CMP259 will facilitate a more efficient utilisation of the transmission system?**	Yes. The CMP259 Proposal provides Generators with more certainty and thereby enables more efficient decisions to be made regarding future TEC (MW) changes. As such, it is expected that the contracted TEC (MW) of generating units connected to the transmission system will more accurately reflect the Generator's transmission requirements and enable otherwise unused transmission capacity to be utilised for other purposes.

CUSC Workgroup Consultation Response Proforma

CMP259 'Clarification of decrease in TEC as a Modification'

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These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	*James Anderson* *james.anderson@scottishpower.com*
Company Name:	*ScottishPower Energy Management*
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Standard CUSC Objectives** (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.

Standard Workgroup consultation questions

Q	Question	Response
1	**Do you believe that CMP259 Original proposal, or any potential alternatives for change that you wish to suggest, better facilitates the Applicable CUSC Objectives?**	Yes. We believe that overall the Proposal better meets the Applicable CUSC Objectives than the current baseline. By simplifying the administrative process of notifying a TEC reduction and applying for a subsequent TEC increase into a single process the Proposal will marginally improve the efficiency of the process. By making clear the generator's intention to seek an accompanying increase in TEC, the Transmission Licensee should be in a better position to plan future investment in the transmission system. The Proposal therefore better facilitates Applicable Objective (a). By removing the risk to generators that TEC reduced through the notification process may not be able to be increased as required at a future date, the Proposal enables generators to optimise the level of TEC held, potentially making additional capacity available to developers waiting to connect and may optimise the timing of transmission investment and thus reduce overall costs. The Proposal therefore better facilitates Applicable CUSC Objective (b) than the current baseline. The Proposal in neutral against Applicable CUSC Objective (c).
2	**Do you support the proposed implementation approach?**	We agree with the proposed implementation approach.
3	**Do you have any other comments?**	No.
4	**Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?**	No.

Specific questions for CMP254

Q	Question	Response

Q	Question	Response
5	**Do you believe that should CM259 be implemented there would be a subsequent greater reduction in TEC (MW) across the Transmission system than would have been the case without CMP259?**	We do not believe that there would be a significantly lower value of TEC under this proposal. While some TEC may be released, this will present an opportunity for some developers to advance connection dates and may present a more optimal use of available transmission capacity than having it "sterilised" by a mothballed plant - as could potentially happen under the current baseline.
6	**If at least one year and five days' notice of the (MW) TEC reduction has been given by the generator, then the TNUoS charges that would otherwise have been paid by the generator would be entirely funded via the remaining generators across the system paying an additional amount through an increase in the Generation Residual Tariff element, unless another generator utilises this capacity. Under CMP259, generators may pay this additional residual charge for capacity which may not actually be available for permanent reallocation because its return has been guaranteed to the generator making the modification application. What are your views about this?**	As outlined in our response to Question 5, we believe that by facilitating the temporary release of TEC (while still subject to the same notice and User Commitment requirements) the Proposal may allow some developers to advance project connection dates and optimise use of available capacity on the transmission system. This should to some extent reduce the impact of the additional TEC reductions facilitated by this proposal.
7	**Do you believe CMP259 would alter the signal provided to Generators through TNUoS charges?**	No. TNUoS will retain its current locational signal to generators regarding the cost of locating at alternative points on the transmission system. Generators seeking to decrease and/or increase TEC will be required to provide user commitment commensurate with the avoidable costs of transmission investment as outlined in Section 15 of the CUSC.

Q	Question	Response
8	**Do you believe that the process for issuing Interactive offers would be affected by CMP259 and that this would require a change in the manner in which capacity can be allocated by TOs?**	We believe that there is a small possibility that under the scenario 3(a) in Annex 4, the process for issuing interactive offers may need to be amended under CMP259. However, as stated in the report, the likelihood that an existing generator would reduce TEC without the certainty of its return at the desired future date, under the current baseline, is much lower and therefore there is probably very little “lost opportunity” for another developer to advance their connection under this scenario.
9	**There are a number of scenarios outlined in Annex 4. What are your views about the impact of the proposals on these? Are there any additional scenarios that that the Workgroup should consider?**	We believe that Annex 4 comprehensively covers the likely scenarios and agree with the conclusion on the possible impact of CMP259 on each scenario. We do not propose that any further scenarios should be examined.
10	**Do you agree that should a generator reduce its TEC (MW) level to 0 in any charging year that the generic figure should be used to calculate their ALF level?**	As an annual load factor cannot be determined when a generator’s TEC is zero (division by zero), we support the use of the generic annualised load factor in the calculation of the specific ALF. This would be consistent with Section 14.15.106 of the CUSC which deals with generators with less than 3 years of output data.
11	**In your opinion, what are the potential benefits of CMP259? Could you provide evidence of these benefits?**	As outlined in our response to Question 5, we believe that by facilitating the temporary release of TEC (while still subject to the same notice and User Commitment requirements) the Proposal may allow some developers to advance project connection dates and optimise use of available capacity on the transmission system.
12	**Do you believe that CMP259 will facilitate a more efficient utilisation of the transmission system?**	Please see our response to Question 12.

CUSC Workgroup Consultation Response Proforma

CMP259 'Clarification of decrease in TEC as a Modification'

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These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	*Kenneth Stott*
Company Name:	*Scottish Hydro Electric Transmission plc*
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Standard CUSC Objectives** (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.

Standard Workgroup consultation questions

Q	Question	Response
1	**Do you believe that CMP259 Original proposal, or any potential alternatives for change that you wish to suggest, better facilitates the Applicable CUSC Objectives?**	In respect of **Objective (a)** adoption of this proposal could result in inefficiencies in areas such as network planning potentially resulting in untimely or unnecessary infrastructure investment in order to facilitate new generation in compliance with technical standards. Adoption of this modification would not better serve this objective. We do not consider that adoption of this modification would better facilitate **Objective (b).** We consider the proposal is neutral in respect of **Objective (c)**
2	**Do you support the proposed implementation approach?**	No
3	**Do you have any other comments?**	Possible alternatives: 1) TNUoS holiday with subsequent recovery of lost revenue reflected in charges following return to service. 2) Reduced TNUoS for defined period of refurbishment with some form financial disincentive (similar to Delay charge proposals) associated with failure to return to service as planned. Could adoption of this proposal introduce opportunities for 'gaming' around commodity prices? Also, given the current balancing / energy mix (renewable portfolios, interconnectors) in the UK and the availability of such a TNUoS 'holiday', is there the potential for distortion in the market**.**
4	**Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?**	*No*

Specific questions for CMP254

Q	Question	Response
5	**Do you believe that should CM259 be implemented there would be a subsequent greater reduction in TEC (MW) across the Transmission system than would have been the case without CMP259?**	Yes, efficient generators may well seek to capitalise on the financial benefit of this proposal however this should be assessed against the perception of material benefit for the wider industry ?
6	**If at least one year and five days' notice of the (MW) TEC reduction has been given by the generator, then the TNUoS charges that would otherwise have been paid by the generator would be entirely funded via the remaining generators across the system paying an additional amount through an increase in the Generation Residual Tariff element, unless another generator utilises this capacity. Under CMP259, generators may pay this additional residual charge for capacity which may not actually be available for permanent reallocation because its return has been guaranteed to the generator making the modification application. What are your views about this?**	At a transmission level, released capacity may only be available at a local or regional level due to wider network infrastructure constraints. Therefore the available, short term capacity market may be restricted to other 'local' transmission connected generators. Such capacity may be of interest to other fossil fuel based generators which have a capability greater than their current TEC. Beyond this, uptake of short term capacity is less certain as renewable generators typically match installed capacity to contracted TEC. Consequently, any required capital investment / delivery is unlikely against a background of short term TEC availability. It is likely therefore that the majority of any Residual Tariff will pass to existing generation parties. High volumes of embedded generation applications/connections have resulted in connection delays due to lack of capacity on the transmission system. This has been a particular problem in Scotland since 2009 and has become a similar issue in England & Wales in recent times. Many embedded generation schemes are ultimately granted access onto the transmission system via intertrips or Active Network Management (ANM) initiatives. A positive consequence of this modification could result in a greater level of access for embedded generation, albeit on a short term basis however as these parties are not liable for TNUoS the charging burden would again remain with the existing transmission generation parties. The adoption of this modification proposal would appear to conflict with the principal of CUSC Objective (b) .
7	**Do you believe CMP259 would alter the signal provided to Generators through TNUoS charges?**	Yes.

Q	Question	Response
8	**Do you believe that the process for issuing Interactive offers would be affected by CMP259 and that this would require a change in the manner in which capacity can be allocated by TOs?**	There are implications on the treatment of interactive offers. This would require review and possible adaptation of the current process.
9	**There are a number of scenarios outlined in Annex 4. What are your views about the impact of the proposals on these? Are there any additional scenarios that that the Workgroup should consider?**	
10	**Do you agree that should a generator reduce its TEC (MW) level to 0 in any charging year that the generic figure should be used to calculate their ALF level?**	
11	**In your opinion, what are the potential benefits of CMP259? Could you provide evidence of these benefits?**	Benefit to the Generator from resulting TNUoS charge reduction.
12	**Do you believe that CMP259 will facilitate a more efficient utilisation of the transmission system?**	Connect and Manage, Active Network Management and the wider use of Intertrip solutions already provide improved efficiencies in the utilisation of the transmission system. The use of such initiatives means that system capacity not being exploited by a contracted generator in real time is already utilised.

CUSC Workgroup Consultation Response Proforma

CMP259 'Clarification of decrease in TEC as a Modification'

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 **17:00 3rd May 2016** 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 Workgroup.

Any queries on the content of the consultation should be addressed to Christine Brown at Christine.brown1@nationalgrid.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	*Garth Graham (garth.graham@sse.com)*
Company Name:	*SSE*
Please express your views regarding the Workgroup Consultation, including rationale. **(Please include any issues, suggestions or queries)**	For reference, the Applicable CUSC objectives are: **Standard CUSC Objectives** (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.

Standard Workgroup consultation questions

Q	Question	Response
1	**Do you believe that CMP259 Original proposal, or any potential alternatives for change that you wish to suggest, better facilitates the Applicable CUSC Objectives?**	We do not believe that CMP259 does better facilitate Applicable CUSC Objective (a) as it may create a 'perverse' incentive for plant to shut prematurely (i.e. mothball) which could be detrimental to security of supply which, in turn, could impede the Licensee in carrying out its obligations under the Act and the Transmission Licence. We do not believe that CMP259 does better facilitate Applicable CUSC Objective (b) as any 'TNUoS/TEC holiday' will result in other generators (up to the €2.50/MWh limit) and demand users paying for the TNUoS 'shortfall' arising from the TEC being held in abeyance for the user that utilises this functionality (if CMP259 were to be implemented). This would result, effectively, in those other users paying the TNUoS cost of that party which would place that party in a better competitive position relative to those other parties which would be detrimental to objective (b). In respect of Applicable CUSC Objective (c) we believe that CMP259 would not be better as the costs of the 'TNUoS/TEC holiday' would fall onto other users which would affect cross border trade.
2	**Do you support the proposed implementation approach?**	We note the implementation approach set out in Section 6. Notwithstanding our answer to Q1, if CMP259 were to be implemented then, In broad terms, we support the proposed implementation approach. However, given the linkage to the holding of TEC and its relationship with TNUoS, it would be prudent to set out when, in practical terms, the change would come into effect; i.e. for all TEC reductions, applied for in accordance with the CMP259 form(s) submitted to the NETSO, that come into effect on the 1st April after an Authority decision (as long as that decision is received ten working days prior to the 1st April).
3	**Do you have any other comments?**	Nothing further at this time.
4	**Do you wish to raise a WG Consultation Alternative Request for the Workgroup to consider?**	*No.*

Specific questions for CMP254

Q	Question	Response
5	**Do you believe that should CM259 be implemented there would be a subsequent greater reduction in TEC (MW) across the Transmission system than would have been the case without CMP259?**	We cannot be certain at this time what the overall net effect will be if CMP259 were to be implemented.
6	**If at least one year and five days' notice of the (MW) TEC reduction has been given by the generator, then the TNUoS charges that would otherwise have been paid by the generator would be entirely funded via the remaining generators across the system paying an additional amount through an increase in the Generation Residual Tariff element, unless another generator utilises this capacity. Under CMP259, generators may pay this additional residual charge for capacity which may not actually be available for permanent reallocation because its return has been guaranteed to the generator making the modification application. What are your views about this?**	We note that the statement "would be entirely funded via the remaining generators" would only be applicable if, in future years, the €2.50/MWh limit set in Regulation 838/2010, Part B was not 'biting'. If that limit had been reached then, as we understand it, the amount in question could be funded by demand users. Given that the original holder of the TEC has tools available to them under the CUSC to transfer their TEC (either permanently or temporarily) to other users who could use it, we are not certain that this 'spare' TEC will (in practical terms) be used by other users. Where the duration of the 'TNUoS/TEC holiday' is short other parties seeking TEC are less likely to only want a short term volume of TEC if they are seeking to connect permanently for the long term (which is what is required in order to finance a power station).

Q	Question	Response
7	**Do you believe CMP259 would alter the signal provided to Generators through TNUoS charges?**	CMP259 would alter the signal provided to those generators which did not utilise this CMP259 option to take a 'TNUoS/TEC holiday' as their TNUoS bill would increase. This would affect cross border trade. It would also appear, on the face of it, to be non-cost reflective and could perhaps be said to amount to a 'windfall loss' on those generators not using CMP259 but paying for the TNUoS shortfall.
8	**Do you believe that the process for issuing Interactive offers would be affected by CMP259 and that this would require a change in the manner in which capacity can be allocated by TOs?**	Yes it would, as the relevant parties (new and existing generators, TOs and SO) would have an element of uncertainty around the TEC to be 'returned' after the 'TNUoS/TEC holiday'. See also our answer to Q 9 below.
9	**There are a number of scenarios outlined in Annex 4. What are your views about the impact of the proposals on these? Are there any additional scenarios that that the Workgroup should consider?**	The scenarios shown in Annex 4 illustrate the complexity of interactive offers that we are concerned with as per our answer in Q8 above.
10	**Do you agree that should a generator reduce its TEC (MW) level to 0 in any charging year that the generic figure should be used to calculate their ALF level?**	Yes.
11	**In your opinion, what are the potential benefits of CMP259? Could you provide evidence of these benefits?**	See our answers above – we don't concur with the premise of the question.
12	**Do you believe that CMP259 will facilitate a more efficient utilisation of the transmission system?**	No.

Annex 6 – TNUoS Residual Impact Analysis

The following table provides an estimate of the impact on the 2017/18 Generation Residual tariff element paid by all chargeable generation as a result of a 1GW TEC reduction of conventional generation with an ALF of 80% in each Generation Zone. This analysis ignores the locational change in zonal tariffs that may result from such a TEC reduction and does not consider the effect resulting from local charges no longer being paid. Positive numbers indicate an increase in tariffs.

Zone No.	Zone Name	Generation base (MW)	Conventional Generation base (MW)	80% ALF Conventional Generation Tariff	80% ALF Conventional 1GW Annual TNUoS Charge	Revised Generation base (MW)	Indicative Generation Residual Impact (£/kW)
1	North Scotland	1197	468	22.00	£ 21,996,351.57	68292	0.322
2	East Aberdeenshire	400	400	17.78	£ 17,783,763.84	68292	0.26
3	Western Highlands	485	203	20.02	£ 20,023,271.22	68292	0.293
4	Skye and Lochalsh	41	0	17.35	£ 17,354,663.30	68292	0.254
5	Eastern Grampian and Tayside	553	136	18.40	£ 18,402,316.03	68292	0.269
6	Central Grampian	64	64	21.68	£ 21,675,210.02	68292	0.317
7	Argyll	173	15	27.22	£ 27,215,800.27	68292	0.399
8	The Trossachs	520	520	17.31	£ 17,312,633.19	68292	0.254
9	Stirlingshire and Fife	145	120	11.15	£ 11,147,883.75	68292	0.163
10	South West Scotlands	2490	1074	16.28	£ 16,279,734.51	68292	0.238
11	Lothian and Borders	2675	1215	12.14	£ 12,136,330.95	68292	0.178
12	Solway and Cheviot	381	0	8.46	£ 8,463,494.76	68292	0.124
13	North East England	1348	1348	3.77	£ 3,765,883.78	68292	0.055
14	North Lancashire and The Lakes	4234	2588	4.55	£ 4,551,219.71	68292	0.067
15	South Lancashire, Yorkshire and Humber	9469	9044	4.45	£ 4,453,555.68	68292	0.065
16	North Midlands and North Wales	13139	12311	2.75	£ 2,752,739.40	68292	0.04
17	South Lincolnshire and North Norfolk	3201	1980	1.47	£ 1,466,740.69	68292	0.021
18	Mid Wales and The Midlands	7682	5763	0.57	£ 571,806.44	68292	0.008
19	Anglesey and Snowdon	1644	1644	2.64	£ 2,640,216.66	68292	0.039
20	Pembrokeshire	2199	2199	4.46	£ 4,456,076.32	68292	0.065
21	South Wales & Gloucester	3365	3137	1.72	£ 1,717,084.30	68292	0.025
22	Cotswold	1234	1234	-2.60	-£ 2,601,729.39	68292	-0.038
23	Central London	144	144	-8.38	-£ 8,382,147.15	68292	-0.123
24	Essex and Kent	6956	6026	-2.59	-£ 2,592,672.09	68292	-0.038
25	Oxfordshire, Surrey and Sussex	2370	1970	-4.06	-£ 4,056,077.62	68292	-0.059
26	Somerset and Wessex	2139	2139	-5.36	-£ 5,363,488.94	68292	-0.079
27	West Devon and Cornwall	1045	1045	-5.08	-£ 5,075,206.12	68292	-0.074

The following provides the same analysis based on a 500MW TEC reduction of intermittent generation with an ALF of 40%:

Zone No.	Zone Name	Generation base (MW)	Intermittent Generation Base (MW)	40% ALF Intermittent Generation Tariff	500MW Annual TNUoS	Generation base (minus 500MW TEC reduction)	Indicative Generation Residual Impact(£/kW)
1	North Scotland	1197	729	19.28	£ 9,641,888.02	68,792	0.140
2	East Aberdeenshire	400	0	16.68	£ 8,341,772.92	68,792	0.121
3	Western Highlands	485	282	18.46	£ 9,231,476.26	68,792	0.134
4	Skye and Lochalsh	41	41	19.91	£ 9,953,489.97	68,792	0.145
5	Eastern Grampian and Tayside	553	416	17.40	£ 8,698,443.06	68,792	0.126
6	Central Grampian	64	0	18.51	£ 9,256,507.58	68,792	0.135
7	Argyll	173	158	26.16	£ 13,080,165.56	68,792	0.190
8	The Trossachs	520	0	15.66	£ 7,829,251.78	68,792	0.114
9	Stirlingshire and Fife	145	25	11.94	£ 5,970,489.64	68,792	0.087
10	South West Scotlands	2490	1416	14.45	£ 7,222,962.23	68,792	0.105
11	Lothian and Borders	2675	1460	8.87	£ 4,434,391.32	68,792	0.064
12	Solway and Cheviot	381	381	7.42	£ 3,711,918.91	68,792	0.054
13	North East England	1348	0	2.06	£ 1,028,828.91	68,792	0.015
14	North Lancashire and The Lakes	4234	1646	2.64	£ 1,320,770.11	68,792	0.019
15	South Lancashire, Yorkshire and Humber	9469	425	-0.40	-£ 199,234.54	68,792	-0.003
16	North Midlands and North Wales	13139	828	-1.24	-£ 618,470.82	68,792	-0.009
17	South Lincolnshire and North Norfolk	3201	1221	-1.02	-£ 509,389.78	68,792	- 0.007
18	Mid Wales and The Midlands	7682	1919	-1.08	-£ 540,895.20	68,792	-0.008
19	Anglesey and Snowdon	1644	0	-1.45	-£ 727,236.96	68,792	-0.011
20	Pembrokeshire	2199	0	-2.70	-£ 1,349,937.69	68,792	-0.020
21	South Wales & Gloucester	3365	228	-2.69	-£ 1,346,886.89	68,792	-0.020
22	Cotswold	1234	0	-6.59	-£ 3,293,683.62	68,792	-0.048
23	Central London	144	0	-6.57	-£ 3,283,376.00	68,792	-0.048
24	Essex and Kent	6956	930	-0.10	-£ 47,688.04	68,792	-0.001
25	Oxfordshire, Surrey and Sussex	2370	400	-2.05	-£ 1,024,217.45	68,792	-0.015
26	Somerset and Wessex	2139	0	-2.61	-£ 1,304,437.42	68,792	-0.019
27	West Devon and Cornwall	1045	0	-3.17	-£ 1,582,822.04	68,792	- 0.023

Annex 7 – Legal text

CUSC - SECTION 6

GENERAL PROVISIONS

6.30 Transmission Entry Capacity

6.30.1 Decrease in **Transmission Entry Capacity**

6.30.1.1 Subject to payment of the **Cancellation Charge**, each **User** shall be entitled to decrease the **Transmission Entry Capacity** for the **Connection Site** or site of **Connection** once the **Power Station** to which it relates has been **Commissioned** upon giving **The Company** not less than five **Business Days** notice in writing**.**

6.30.1.2 **The Company** shall as soon as practicable after receipt of such notice issue a revised Appendix C for the purposes of the relevant **Bilateral Agreement** reflecting the decrease in the **Transmission Entry Capacity**.

6.30.1.3 Subject to payment of the **Cancellation Charge**, each **User** shall be entitled to request a decrease to the **Transmission Entry Capacity** for the **Connection Site** or site of **Connection** in combination with a request for an increase in **Transmission Entry Capacity** under **CUSC** 6.30.2 once the **Power Station** to which it relates has been **Commissioned**. Such combined request shall be deemed to be a **Modification** for the purposes of the **CUSC** but with the words "as soon as practicable……. not more than 3 months after" being read in the context of such **Modification** as being "within 28 days where practicable and in any event not more than 3 months (save where the **Authority** consents to a longer period) after"

6.30.1.~~3~~4 The decrease in the **Transmission Entry Capacity** shall:

(a) in the case of a decrease notified under 6.30.1.1, take effect on the first of April following the expiry of the notice period stated in the notice from the **User**; or

(b) in the case of a decrease notified under 6.30.1.3, take effect on the first of April specified within the agreement between **The Company** and the **User** following the **Modification** made under 6.30.1.3, which for the avoidance of doubt, shall not

precede the **Variation Date**.

6.30.1.45 In addition to its obligation to pay the **Use of System Charges** until the reduction in **Transmission Entry Capacity** takes effect, the **User** shall, depending on the length of notice given, pay to **The Company** the **Cancellation Charge. The Company** shall calculate any **Cancellation Charge** due from the **User** on receipt of the notice of reduction of **Transmission Entry Capacity** from the **User** or on the **Variation Date** as appropriate and advise the **User** accordingly. Unless a **User** wishes to make alternative arrangements regarding earlier payment, **The Company** shall invoice the **User** for the **Cancellation Charge** by (but no earlier than) 28 days prior to the end of the **Financial Year** in which the decrease in **Transmission Entry Capacity** is to take effect. The **Cancellation Charge** shall be payable within 28 days of the date of **The Company's** invoice in respect thereof.

6.30.2 Increase in **Transmission Entry Capacity**

Each **User** shall be entitled to request an increase in its **Transmission Entry Capacity** for a **Connection Site** up to a maximum of the **Connection Entry Capacity** for the **Connection Site** and such request shall be deemed to be a **Modification** for the purposes of the **CUSC** but with the words "as soon as practicable… not more than 3 months after" being read in the context of such **Modification** as being "within 28 days where practicable and in any event not more than 3 months (save where the **Authority** consents to a longer period) after".

CUSC SECTION 11

Add the following new definition at CUSC Section 11

"Variation Date"	means in the context of **CUSC** Paragraph 6.30.1 and Section 15, the date of the agreement between **The Company** and the **User** varying the **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** following a deemed **Modification** under **CUSC** Paragraph 6.30.1.3;

CUSC SECTION 15

USER COMMITMENT METHODOLOGY

PART TWO CALCULATION OF CANCELLATION CHARGE

3.8 Wider Cancellation Charge

The **Wider Cancellation Charge** results in a £/MW charge calculated as follows:

Zonal Unit Amount *x (MW of reduction in* ***Transmission Entry Capacity*** *or* ***Developer Capacity*** or **Interconnector User Commitment Capacity***) x* ***Cancellation Charge Profile***

The **Zonal Unit Amount** is a £/MW figure calculated by reference to the **Generation Zone** in which the **Power Station** or **Interconnector** is to be located as set out in the **Cancellation Charge Statement**. It is calculated by reference to the **Annual Wider Cancellation Charge Statement** for the **Financial Year** in which notice of reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** is given or the **Variation Date** occurs (as appropriate) and/or notice of **Disconnection** is given or, where in the case of an **Event of Default** where notice is not given, the **Financial Year** in which the reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** or **Disconnection** occurs.

Where the ***Zonal Unit Amount*** = ***Load Related Boundary Capex*** *apportioned to* ***Boundaries*** *by* ***Boundary (LR) Level*** *and* ***Non Load Related Boundary Capex*** *apportioned to* ***Boundaries*** *by* ***Boundary (NLR) Level****, summated and multiplied by* ***Boundary Non Compliance Factors*** *and then mapped to* ***Generation Zones*** *and divided by the* ***Wider User Commitment Liability Base****, excluding those* ***Power Stations*** *or* ***Interconnectors*** *in respect of which a* ***Construction Agreement*** *has terminated or* ***The Company*** *has been notified of a reduction in the* ***Transmission Entry Capacity*** *or* ***Developer Capacity*** *or* ***Interconnector User Commitment Capacity*** *or* ***Disconnection*** *within the period in question.*

*Where **Load Related Boundary Capex** is the capex required to increase capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, multiplied by the **User Risk Factor** and the **Global Asset Reuse Factor**, as set out in the **Annual Wider Cancellation Charge Statement**.*

*Where **Non Load Related Boundary Capex** is the capex required to maintain capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, multiplied by the **User Risk Factor** and the **Global Asset Reuse Factor**, as set out in the **Annual Wider Cancellation Charge Statement**.*

*Where the **User Risk Factor** is the share of total risk between generation and consumers, set at 0.5.*

*Where the **Global Asset Reuse Factor** for a given **Financial Year** is as set out in the **Annual Wider Cancellation Charge Statement**.*

*Where the **Boundaries** are as detailed in Section 8 of the **Seven Year Statement**.*

*Where **Boundary (LR) Level** is the depth of each **Boundary** as determined by **The Company** multiplied by the increase in required capability on that **Boundary** over the forthcoming four year period, as set out in the **Seven Year Statement**.*

*Where **Boundary (NLR) Level** is the depth of each **Boundary** as determined by **The Company** multiplied by the available capability on that **Boundary** in the year in question, as set out in the **Seven Year Statement**.*

*Where **Boundary Non Compliance Factors** are the ratio between the available capability and required capability on each **Boundary** as detailed in Section 8 of the **Seven Year Statement**, capped at 100%.*

*Where **Generation Zones** are (a) as defined in the **Seven Year Statement** for the **Financial Year** in which the termination or reduction in **Transmission Entry Capacity** or reduction in **Developer Capacity** or reduction in **Interconnector User Commitment Capacity** occurs prior to the **Charging***

Date *(or where not so defined as set out in the relevant* ***Cancellation Charge Statement****) or (b) as defined in the* ***Seven Year Statement*** *for the* ***Financial Year*** *in which the notice of* ***Disconnection*** *or reduction in* ***Transmission Entry Capacity*** *occurs on or after the* ***Charging Date****.*

Where the ***Wider User Commitment Liability Base*** *is the total amount of generation and* ***Interconnector User Commitment Capacity*** *in MW liable for the* ***Wider Cancellation Charge*** *in the year in question and the total amount of generation and* ***Interconnector User Commitment Capacity*** *in MW which will become liable for the* ***Wider Cancellation Charge*** *in the year in question and set out in the* ***Annual Wider Cancellation Charge Statement****.*

Where the ***Cancellation Charge Profile*** *is the profile derived in accordance with the formula at Paragraph 3.10 or 3.11, as appropriate.*

3.11 Where the Transmission Entry Capacity or **Interconnector User Commitment Capacity is reduced or Notice of Disconnection is given on or after the Charging Date**

The **Cancellation Charge** payable on notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** or **Interconnector User Commitment Capacity** on or after the **Charging Date** is calculated on a £/MW basis as follows by reference to the **Zonal Unit Amount** for the **Financial Year** in which the notice is given or the **Variation Date** occurs:

Cancellation Charge = Wider Cancellation Charge

Where:

- *Disconnection equates to reduction in Transmission Entry Capacity or Interconnector User Commitment Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount for year in which notice of disconnection or reduction is given or (as appropriate) **Variation Date** occurs: x reduction in Transmission Entry Capacity or Interconnector User Commitment Capacity x Cancellation Charge Profile $_t$.*

- *Cancellation Charge Profile$_t$ which varies according to the number of Financial Years notice given from either (a) the date of notification to Disconnection or reduction in Transmission Entry Capacity or Interconnector User Commitment Capacity or (b) the **Variation Date** to the reduction in Transmission Entry Capacity or Interconnector User Commitment Capacity*
  - *where notice is given or the **Variation Date** occurs in the Financial Year in which such notice or reduction is to take effect (t=0) Cancellation Charge Profile = 1,*
  - *except as provided below where notice is given or the **Variation Date** occurs in the Financial Year prior to the Financial Year in which such notice or reduction is to take effect (t=1), Cancellation Charge Profile = 0.75,*
  - *where notice of reduction of Transmission Entry Capacity is given in the CMP 213 Judicial Review Period which is within a Financial Year prior to the CMP213 Financial Year in which such notice is to take effect (t=1), for the purposes of the Cancellation Charge such notice shall be deemed to have been given in timescales such that the Cancellation Charge Profile = zero where;*
    - *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 Approved CUSC Modification 213 are concluded*
    - *The « CMP213 Financial Year » means the Financial Year in which Approved CUSC*

Modification 213 is directed by the Authority to take effect,

- *where notice is given or the **Variation Date** occurs in the Financial Year which is two Financial Years prior to the Financial Year in which such notice or reduction is to take effect (t=2), Wider Cancellation Charge = zero.*

CUSC - SECTION 6

GENERAL PROVISIONS

6.30 Transmission Entry Capacity

6.30.1 Decrease in **Transmission Entry Capacity**

6.30.1.1 Subject to payment of the **Cancellation Charge**, each **User** shall be entitled to decrease the **Transmission Entry Capacity** for the **Connection Site** or site of **Connection** once the **Power Station** to which it relates has been **Commissioned** upon giving **The Company** not less than five **Business Days** notice in writing**.**

6.30.1.2 **The Company** shall as soon as practicable after receipt of such notice issue a revised Appendix C for the purposes of the relevant **Bilateral Agreement** reflecting the decrease in the **Transmission Entry Capacity**.

6.30.1.3 Subject to payment of the **Cancellation Charge**, each **User** shall be entitled to request a decrease to the **Transmission Entry Capacity** for the **Connection Site** or site of **Connection** in combination with a request for an increase in **Transmission Entry Capacity** under **CUSC** 6.30.2 once the **Power Station** to which it relates has been **Commissioned** provided that:

(a) the increase in **Transmission Entry Capacity** (MW) shall not exceed the requested MW decrease;
(b) the increase must occur not later than 36 months after the 1 April on which the decrease in**Transmission Entry Capacity** takes effect; and
(c) once a **User** has made a request under this Paragraph and the **Variation Date** has occurred, a **User** cannot make a further request in respect of such **Power Station** until after the date upon which the **Transmission Entry Capacity** has increased.

. Such combined request shall be deemed to be a **Modification** for the purposes of the **CUSC** but with the words “as soon as practicable……. not more than 3 months after” being read in the context of such **Modification** as being “within 28 days where practicable and in any event not more than 3 months

(save where the **Authority** consents to a longer period) after". A **User** may not make a further request in respect of a under **CUSC** 6.30.1.3 in respect of the **Power Station** to which it relates until the after date upon which the **Transmission Entry Capacity** has increased

6.30.1.~~3~~4 The decrease in the **Transmission Entry Capacity** shall l:

(a) in the case of a decrease notified under 6.30.1.1, take effect on the first of April following the expiry of the notice period stated in the notice from the **User**; or

(b) in the case of a decrease notified under 6.30.1.3, take effect on the first of April specified within the agreement between **The Company** and the **User** following the **Modification** made under 6.30.1.3, which for the avoidance of doubt, shall not precede the **Variation Date**.

6.30.1.~~4~~5 In addition to its obligation to pay the **Use of System Charges** until the reduction in **Transmission Entry Capacity** takes effect, the **User** shall, depending on the length of notice given, pay to **The Company** the **Cancellation Charge. The Company** shall calculate any **Cancellation Charge** due from the **User** on receipt of the notice of reduction of **Transmission Entry Capacity** from the **User** or on the **Variation Date** as appropriate and advise the **User** accordingly. Unless a **User** wishes to make alternative arrangements regarding earlier payment, **The Company** shall invoice the **User** for the **Cancellation Charge** by (but no earlier than) 28 days prior to the end of the **Financial Year** in which the decrease in **Transmission Entry Capacity** is to take effect. The **Cancellation Charge** shall be payable within 28 days of the date of **The Company's** invoice in respect thereof.

6.30.2 Increase in **Transmission Entry Capacity**

Each **User** shall be entitled to request an increase in its **Transmission Entry Capacity** for a **Connection Site** up to a maximum of the **Connection Entry Capacity** for the **Connection Site** and such request shall be deemed to be a **Modification** for the purposes of the **CUSC** but with the words "as soon as practicable… not more than 3 months after" being read in the context of such **Modification** as being "within 28 days where practicable and in any event not more than 3

months (save where the **Authority** consents to a longer period) after".

CUSC SECTION 11

Add the following new definition at CUSC Section 11

"Variation Date"	means in the context of **CUSC** Paragraph 6.30.1 and Section 15, the date of the agreement between **The Company** and the **User** varying the **Bilateral Connection Agreement** or **Bilateral Embedded Generation Agreement** following a deemed **Modification** under **CUSC** Paragraph 6.30.1.3;

CUSC SECTION 15

USER COMMITMENT METHODOLOGY

PART TWO CALCULATION OF CANCELLATION CHARGE

3.8 Wider Cancellation Charge

The **Wider Cancellation Charge** results in a £/MW charge calculated as follows:

Zonal Unit Amount *x (MW of reduction in* ***Transmission Entry Capacity*** *or* ***Developer Capacity*** or **Interconnector User Commitment Capacity***) x* ***Cancellation Charge Profile***

The **Zonal Unit Amount** is a £/MW figure calculated by reference to the **Generation Zone** in which the **Power Station** or **Interconnector** is to be located as set out in the **Cancellation Charge Statement**. It is calculated by reference to the **Annual Wider Cancellation Charge Statement** for the **Financial Year** in which notice of reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** is given or the **Variation Date** occurs (as appropriate) and/or notice of **Disconnection** is given or, where in the case of an **Event of Default** where notice is not given, the **Financial Year** in which the reduction in **Transmission Entry Capacity** or **Developer Capacity** or **Interconnector User Commitment Capacity** or **Disconnection** occurs.

Where the ***Zonal Unit Amount*** = ***Load Related Boundary Capex*** *apportioned to* ***Boundaries*** *by* ***Boundary (LR) Level*** *and* ***Non Load Related Boundary Capex*** *apportioned to* ***Boundaries*** *by* ***Boundary (NLR) Level****, summated and multiplied by* ***Boundary Non Compliance Factors*** *and then mapped to* ***Generation Zones*** *and divided by the* ***Wider User Commitment Liability Base****, excluding those* ***Power Stations*** *or* ***Interconnectors*** *in respect of which a* ***Construction Agreement*** *has terminated or* ***The Company*** *has been notified of a reduction in the* ***Transmission Entry Capacity*** *or* ***Developer Capacity*** *or* ***Interconnector User Commitment Capacity*** *or* ***Disconnection*** *within the period in question.*

*Where **Load Related Boundary Capex** is the capex required to increase capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, multiplied by the **User Risk Factor** and the **Global Asset Reuse Factor**, as set out in the **Annual Wider Cancellation Charge Statement**.*

*Where **Non Load Related Boundary Capex** is the capex required to maintain capability in the network as determined by **The Company** for a given **Financial Year**, excluding any **Attributable Works Capital Cost**, multiplied by the **User Risk Factor** and the **Global Asset Reuse Factor**, as set out in the **Annual Wider Cancellation Charge Statement**.*

*Where the **User Risk Factor** is the share of total risk between generation and consumers, set at 0.5.*

*Where the **Global Asset Reuse Factor** for a given **Financial Year** is as set out in the **Annual Wider Cancellation Charge Statement**.*

*Where the **Boundaries** are as detailed in Section 8 of the **Seven Year Statement**.*

*Where **Boundary (LR) Level** is the depth of each **Boundary** as determined by **The Company** multiplied by the increase in required capability on that **Boundary** over the forthcoming four year period, as set out in the **Seven Year Statement**.*

*Where **Boundary (NLR) Level** is the depth of each **Boundary** as determined by **The Company** multiplied by the available capability on that **Boundary** in the year in question, as set out in the **Seven Year Statement**.*

*Where **Boundary Non Compliance Factors** are the ratio between the available capability and required capability on each **Boundary** as detailed in Section 8 of the **Seven Year Statement**, capped at 100%.*

*Where **Generation Zones** are (a) as defined in the **Seven Year Statement** for the **Financial Year** in which the termination or reduction in **Transmission Entry Capacity** or reduction in **Developer Capacity** or reduction in **Interconnector User Commitment Capacity** occurs prior to the **Charging***

Date *(or where not so defined as set out in the relevant* ***Cancellation Charge Statement****) or (b) as defined in the* ***Seven Year Statement*** *for the* ***Financial Year*** *in which the notice of* ***Disconnection*** *or reduction in* ***Transmission Entry Capacity*** *occurs on or after the* ***Charging Date****.*

Where the ***Wider User Commitment Liability Base*** *is the total amount of generation and* ***Interconnector User Commitment Capacity*** *in MW liable for the* ***Wider Cancellation Charge*** *in the year in question and the total amount of generation and* ***Interconnector User Commitment Capacity*** *in MW which will become liable for the* ***Wider Cancellation Charge*** *in the year in question and set out in the* ***Annual Wider Cancellation Charge Statement****.*

Where the ***Cancellation Charge Profile*** *is the profile derived in accordance with the formula at Paragraph 3.10 or 3.11, as appropriate.*

3.11 Where the Transmission Entry Capacity or **Interconnector User Commitment Capacity is reduced or Notice of Disconnection is given on or after the Charging Date**

The **Cancellation Charge** payable on notice of **Disconnection** and/or a reduction in **Transmission Entry Capacity** or **Interconnector User Commitment Capacity** on or after the **Charging Date** is calculated on a £/MW basis as follows by reference to the **Zonal Unit Amount** for the **Financial Year** in which the notice is given or the **Variation Date** occurs:

Cancellation Charge = Wider Cancellation Charge

Where:

- *Disconnection equates to reduction in Transmission Entry Capacity or Interconnector User Commitment Capacity to zero*
- *Wider Cancellation Charge = Zonal Unit Amount for year in which notice of disconnection or reduction is given or (as appropriate) **Variation Date** occurs: x reduction in Transmission Entry Capacity or Interconnector User Commitment Capacity x Cancellation Charge Profile* $_t$.

- *Cancellation Charge Profile*$_t$ *which varies according to the number of Financial Years notice given from either (a) the date of notification to Disconnection or reduction in Transmission Entry Capacity or Interconnector User Commitment Capacity or (b) the **Variation Date** to the reduction in Transmission Entry Capacity or Interconnector User Commitment Capacity*
  - *where notice is given or the **Variation Date** occurs in the Financial Year in which such notice or reduction is to take effect (t=0) Cancellation Charge Profile = 1,*
  - *except as provided below where notice is given or the **Variation Date** occurs in the Financial Year prior to the Financial Year in which such notice or reduction is to take effect (t=1), Cancellation Charge Profile = 0.75,*
  - *where notice of reduction of Transmission Entry Capacity is given in the CMP 213 Judicial Review Period which is within a Financial Year prior to the CMP213 Financial Year in which such notice is to take effect (t=1), for the purposes of the Cancellation Charge such notice shall be deemed to have been given in timescales such that the Cancellation Charge Profile = zero where;*
    - *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 Approved CUSC Modification 213 are concluded*
    - *The « CMP213 Financial Year » means the Financial Year in which Approved CUSC*

Modification 213 is directed by the Authority to take effect,

- *where notice is given or the **Variation Date** occurs in the Financial Year which is two Financial Years prior to the Financial Year in which such notice or reduction is to take effect (t=2), Wider Cancellation Charge = zero.*