nationalgrid

Stage 02: Workgroup 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 which formed in February 2016 to develop and assess the proposal. Any interested party is able to make a response in line with the guidance set out in Section 8 of this document.

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High Impact:
Generators

Medium Impact:

Low Impact:

Contents

About this document

This document is a Workgroup consultation which seeks the views of CUSC and interested parties in relation to the issues raised by the Original CMP259 CUSC Modification Proposal which was raised by RWE and developed by the Workgroup. Parties are requested to respond by 5pm on **3rd May 2016** to cusc.team@nationalgrid.com using the Workgroup Consultation Response Proforma which can be found on the following link: http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP259/

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Any Questions?

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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.

1.3 Prior to confirming any alternative proposals the Workgroup are seeking views on the options they have identified, what is the best solution to the defect and also any other further options that respondents may propose. Following this Consultation, the Workgroup will consider any responses, vote on the best solution to the defect and report back to the Panel at the May 2016 Panel meeting.

1.4 This Workgroup Consultation has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid Website, http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP259/, along with the Modification Proposal Form.

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.

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

Q5: 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?

Charging Impacts

4.13 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.

4.14 To assess the potential effect on tariffs, National Grid undertook an analysis based upon its latest tariff forecasts[4] for 2017-18, the results of which can be found in Annex 5 of this report. The results provided show the effect on the Generation Residual tariff element (paid by all

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

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.

4.15 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.

4.16 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.

4.17 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 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.

4.18 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:

Q6: 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?

Q7: Do you believe CMP259 would alter the signal provided to Generators through TNUoS charges?

User commitment

4.19 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.

4.20 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.

4.21 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

4.22 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[5].

4.23 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

4.24 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.

4.25 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.

4.26 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.

4.27 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.

4.28 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.

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

Scenario discussions

4.29 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)

4.30 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)

4.31 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[6]. 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.

4.32 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 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.

4.33 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

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

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.

4.34 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.

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

Q8: 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?

Q9: 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?

Policy and history prior to 2012

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

4.36 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)

4.37 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).

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

Q10: 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?

TEC level and technology when increasing TEC

4.38 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.

4.39 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

4.40 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.

4.41 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.

4.42 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[7] 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.

4.43 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

[7] 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.

4.44 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.

4.45 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.

4.46 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.

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

Q11: In your opinion, what are the potential benefits of CMP259? Could you provide evidence of these benefits?

Q12: Do you believe that CMP259 will facilitate a more efficient utilisation of the transmission system?

5 Impact and Assessment

Impact on the CUSC

Changes to Section 6 and 15.

Impact on Greenhouse Gas Emissions

5.1 None identified.

Impact on Core Industry Documents

5.2 None identified.

Impact on other Industry Documents

5.3 None identified.

6 Proposed Implementation and Transition

6.1 It is suggested that following Authority decision CMP259 will implemented ten working days after.

7 Responses

7.1 This Workgroup is seeking the views of CUSC Parties and other interested parties in relation to the issues noted in this document and specifically in response to the questions highlighted in the report and summarised below:

Standard Workgroup Consultation questions;

Q1: Do you believe that CMP259 Original proposal or either of the potential options for change better facilitate the Applicable CUSC Objectives?

Q2: Do you support the proposed implementation approach of ten working days after Authority approval?

Q3: Do you have any other comments?

Q4: Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider? Please see 8.3.

Specific CMP259 Workgroup Consultation questions;

Q5: 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?

Q6: 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?

Q7: Do you believe CMP259 would alter the signal provided to Generators through TNUoS charges?

Q8: 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?

Q9: 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?

Q10: 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?

Q11: In your opinion, what are the potential benefits or implications of CMP259? Could you provide evidence of these?

Q12: Do you believe that CMP259 will facilitate more efficient utilisation of the transmission system?

7.2 Please send your response using the response proforma which can be found on the National Grid website via the following link: http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP259/

7.3 In accordance with Section 8 of the CUSC, CUSC Parties, BSC Parties, the Citizens Advice and the Citizens Advice Scotland may also raise a Workgroup Consultation Alternative Request. If you wish to raise such a request, please use the relevant form available at the weblink below:

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

7.4 Views are invited upon the proposals outlined in this report, which should be received by **5pm** on **3rd May 2016**. Your formal responses may be emailed to: cusc.team@nationalgrid.com

7.5 If you wish to submit a confidential response, please note that information provided in response to this consultation will be published on National Grid's website unless the response is clearly marked "Private & Confidential", we will contact you to establish the extent of the confidentiality. A response market "Private & Confidential" will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the CUSC Modifications Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

7.6 Please note an automatic confidentiality disclaimer generated by your IT System will not in itself, mean that your response is treated as if it had been marked "Private and Confidential".

Annex 1 – CMP259 CUSC Modification Proposal Form

CUSC Modification Proposal Form CMP259

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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
John Martin	National Grid	Independent Chair	A	A
Christine Brown	Code Administrator	Technical Secretary	A	A
John Norbury	RWE	Workgroup member(proposer)	A	A
Wayne Mullins	National Grid	Workgroup member	A	A
Guy Phillips	EON	Workgroup member	A	A
James Anderson	Scottish Power	Workgroup member	A	A
Garth Graham	SSE	Workgroup member	D	D
Joseph Underwood	Drax Power	Workgroup member	A	A
Edda Dirks	Ofgem	Authority Representative	D	A

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 – 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