



Authority direction to consult on a revised Implementation Date for P286

Meeting Name	BSC Panel
Meeting Date	20 March 2014
Purpose of paper	For Decision
Summary	The Authority has directed the BSC Panel to consult on a revised Implementation Date for P286. This paper proposes a new Implementation Date for the Panel's consideration.

1. Overview of P286

- 1.1 Connection and Use of System Code (CUSC) Modification Proposal ([CMP\) 201 'Removal of BSUoS Charges from Generators'](#) was raised by National Grid on 8 December 2011. It proposes to align the Great Britain (GB) market arrangements with other European Union (EU) Member States by removing Balancing Services Use of System (BSUoS) charges from GB generators and instead recover BSUoS from GB Suppliers only.
- 1.2 The CMP201 Workgroup considered there to be a relationship between the BSUoS charge under the CUSC and the Residual Cashflow Reallocation Cashflow (RCRC) charge under the BSC. It therefore believed that if generators were made exempt from BSUoS they should also be made exempt from RCRC.
- 1.3 [Proposed Modification P286 'Revised treatment of RCRC for generation BM Units'](#) was subsequently raised by National Grid on 25 May 2012. It proposes to exclude generation BM Units from RCRC payments or charges if CMP201 is approved.
- 1.4 The P286 Workgroup considered that, if approved, P286 should be implemented at the same time as CMP201, and noted that the CMP201 Workgroup was favouring a two-year lead time for CMP201. The P286 Workgroup therefore proposed an Implementation Date for P286 of:
 - 1 April 2015 if the Authority's decision was received on or before 31 March 2013; or
 - 1 April 2016 if the Authority's decision was received after 31 March 2013 but on or before 31 March 2014.
- 1.5 At its meeting on 13 December 2012, the BSC Panel unanimously recommended to the Authority that P286 should be approved ([Panel 206/08](#)). P286 is currently with the Authority for decision.

2. Progression of CMP201

- 2.1 At its meeting on 28 September 2012 the CUSC Panel recommended by majority to the Authority that the CMP201 Original Proposal should be approved ([CUSC Panel 140](#)).
- 2.2 On 25 October 2012, the Authority sent the CMP201 Modification Report back to the CUSC Panel. In its [Send Back Direction](#), the Authority considered that it could not properly consult or form an opinion on CMP201 based on the Modification Report it had received, and elected to send the proposal back to the industry for further work.
- 2.3 At its meeting on 26 April 2013, following further assessment by the CMP201 Workgroup, the CUSC Panel again recommended by majority to the Authority that the CMP201 Original Proposal should be approved ([CUSC Panel 149](#)). CMP201 is currently with the Authority for decision.
- 2.4 The Authority issued a [Regulatory Impact Assessment for CMP201](#) on 8 November 2013, which closed on 16 January 2014. In its consultation, the Authority noted a minded-to position to reject CMP201. It also noted that its decision on P286 was contingent on its decision for CMP201, and considered that if it was to approve CMP201 it would also likely approve P286.

3. Authority request for a revised Implementation Date

- 3.1 Under BSC Section F2.11.18, where the Authority considers that the proposed Implementation Date specified in the Modification Report might prevent it from making a decision by reason of the effluxion of time, it may direct the Panel to propose a revised Implementation Date.
- 3.2 On 7 March 2014, the Authority issued a direction to the Panel to consult on a revised proposed Implementation Date for P286. In its letter, the Authority notes that it remains of the view that P286 is contingent on CMP201 and that it does not expect to reach a decision on CMP201 on or before 31 March 2014. A copy of the Authority's direction can be found in Attachment A.
- 3.3 In accordance with BSC Section F2.11.22(a), the Authority has notified the Panel that any revised Implementation Date for P286 should not be prior to 1 April 2017.
- 3.4 We therefore propose a revised Implementation Date for P286 of:
 - **1 April 2017** if the Authority's decision is received on or before 31 March 2015.

4. Next steps

- 4.1 The Panel is required to consult with the industry on its proposed date(s) before presenting its recommendation to the Authority. We will therefore issue a 20 Working Day consultation from 20 March 2014 until 17 April 2014, and we will present the responses to the Panel at its meeting on 8 May 2014.

5. Recommendations

5.1 We invite you to:

- **AGREE** a proposed revised Implementation Date for P286 of:
 - 1 April 2017 if the Authority's decision is received on or before 31 March 2015; and
- **NOTE** that we will issue the Panel's proposed revised Implementation Date for P286 for a 20 Working Day consultation and will present the results to the Panel at its meeting on 8 May 2014.

Attachments:

Attachment A: Authority direction to the BSC Panel to consult on a revised proposed Implementation Date for P286

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