CUSC Workgroup Consultation Response Proforma

CMP264 'Embedded Generation Triad Avoidance Standstill' and **CMP265** 'Gross charging of TNUoS for HH demand where Embedded Generation is in the Capacity Market'

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 **24rd August 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 Caroline Wright at caroline.wright@nationalgrid.com

These responses will be considered by the Workgroup at its 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: **Use of System Charging Methodology** (a) that compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity; (b) that compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard condition C26 (Requirements of a connect and manage connection); (c) that, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of

	the developments in transmission licensees' transmission businesses. (d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Standard Workgroup consultation questions – CMP264

Q	Question	Response
1	**Do you believe that the CMP264 Original Proposal better facilitates the Applicable CUSC Objectives?**	

Q	Question	Response
2	**Do you support the proposed implementation approach? Or are there any further implementation implications that need to be considered?**	ELEXON is the Balancing and Settlement Code Company (BSCCo). ELEXON fulfils the role of the BSC's code administrator. As such we have focused our responses to this consultation on the implications of CMP264 and 265 for the BSC and the interdependencies between CMP264 and 265, and BSC Modifications P348 and P349[1]. Our responses do not represent the views of the BSC Panel or of BSC Parties. ELEXON is in the process of consulting the industry and completing an impact assessment of P348 and P349. Consequently we cannot say what the implications of CMP264 and 265 might be for the BSC. Any conclusions drawn from P348/349 consultation responses and the IA will help us to better understand the timescales, costs and feasibility of achieving the proposed implementation timetables. Nevertheless ELEXON has highlighted to the CMP264/265 and P348/349 workgroups, and at BSC Panel meetings that BSC Scheduled Releases over the next 12-18 months already pose a challenge to implement. Including additional changes to BSC Systems in forthcoming Scheduled Releases is likely to be expensive and possibly at the cost of other competing changes. This risk is particularly relevant to CMP264 and P349 because the proposer would like these changes implemented in 2017. It may be appropriate to consider an interim solution that avoids or minimises changes to BSC Systems in order to achieve an implementation date in 2017. ELEXON has also highlighted the need for careful coordination between the principal CUSC modifications and supporting industry code modifications. We believe that overall the proposed CUSC requirements are driving all changes. Therefore we recommend that primary requirements and definitions should originate in the CUSC which supporting industry codes can refer to or draw their vires from. In addition, as CMP264 and 265 are principal modifications that rely on changes to other industry codes we believe that the Code Administrators' Joint Working Practices should be more clearly employed and that in this case National Grid is the lead Code Administrator. Therefore National Grid should take a clearer role in ensuring that any consequential changes, e.g. to the BSC or the DTC, are co-ordinated effectively (e.g. where appropriate through joint workgroup meetings and consultations). With co-ordination in mind, the consultation document correctly recognises that the implementation of the technical solutions proposed by P348 and P349 may require changes to the Data Transfer Catalogue (DTC). That is, changes may be required to modify existing or introduce new data flows used by Suppliers, their agents and Supplier Volume Allocation Agent (SVAA) to facilitate the collection and reporting of metered data necessary to support CMP264 and 265. However, ELEXON nor any Party has raised a corresponding DTC Change Proposal (in part because the workgroups have not finalised the technical solutions yet) and we note that this process can take several months to progress through design, assessment, decision and implementation. Finally, BSC changes tend to be implemented as part of a Scheduled Release in February, June and November each year, whereas CUSC changes are implemented on an ad hoc basis. At the moment the proposed implementation date for CMP264 is 1 April 2017 whereas for P349 it is 29 June 2017 (as part of the June 2017 Release), and the implementation date for CMP265 is 1 April 2020 whereas it is 7 November 2019 (as part of the November 2019 Release) for P348. We encourage the CMP264/265 and P348/349 workgroups to consider the implications of not implementing these changes on the same day.

Q	Question	Response
3	**Do you have any other comments?**	
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[2], and return to the CUSC inbox at cusc.team@nationalgrid.com*

Standard Workgroup consultation questions – CMP265

Q	Question	Response
5	**Do you believe that the CMP265 Original Proposal better facilitates the Applicable CUSC Objectives?**	
6	**Do you support the proposed implementation approach? Or are there any further implementation implications that need to be considered?**	Please see our responses to Q2, 13 and 14.
7	**Do you have any other comments?**	
8	**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[3], and return to the CUSC inbox at cusc.team@nationalgrid.com*

Specific questions for CMP264

Q	Question	Response

[1] In order to support CMP264 and 265, EDF and SP raised BSC Modifications P348 and P349 to introduce BSC-based solutions for reporting metered data to National Grid.

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

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

Q	Question	Response
10	**i) Do you think a cut-off date for "new embedded generation" of 30 June 2017 is appropriate? What other date would you propose?** **ii) Do you have any views on how mixed sites are being addressed in CMP264 Original?** **iii) Do you think new-build embedded generation capacity that has entered into long term financial and performance commitment obligations via 2014 and 2015 capacity market or contracts for difference auctions (prior to this modification proposal) should be given exceptions to this cut-off date?** **iv) Do you agree that ignoring demand behind the meter is unlikely to create a significant "loophole" or material discrimination risk in relation to the CMP264 arrangements in the short term** **v) Question to suppliers: Do you consider that the wording of your existing contracts allow you to reflect the changes provided by these modifications in a cost reflective manner. For example, these changes will apply to existing PPAs and generators who significantly alter their output (EREC 59).** **vi) Do you agree with the definition of commissioned and do you agree that it is appropriate? If you do not agree with the definition or that it is appropriate please provide alternative definitions and rationale for this definition.**	In keeping with our role as the BSCCo, we have only responded to sub-questions ii) and vi). In general, because of the interdependency between the CUSC and other industry codes to deliver CMP264 and 265, and the potential complexity of these arrangements, we believe that the clarity of any requirements and definitions is vitally important. It was clear at the CMP264/265 Workgroup meeting on 11 August that the CMP Workgroup had not thoroughly explored the detail and the implications of a technical solution previously considered by the P348/349 workgroup. Nevertheless we are encouraged that the CMP workgroup's meeting on 11 August began to consider in more detail what is necessary to ensure a robust solution. We look forward to the focused CMP264/265 sub-group and the coordinated drafting of legal texts. As part of the P348/349 workgroup meeting it was apparent that the activity at a New Embedded Generator (NEG) site may be more complicated than first thought. That is, in reality any generating site is metered for any on-site demand as well as any generation it exports to the system. Furthermore, the site may be a combination of generating units, some of which the developer may have commissioned after the 'cut-off' date proposed (therefore qualifying as NEG) and some may not. The P348/349 workgroup recognised that the 'mixed site' nature of generating sites may require special attention. In terms of CMP264 and P349, these modifications propose that Suppliers only report gross metered data from export metering systems that measure energy at sites consisting NEGs. This is irrespective of whether the site consists of generating units that are non-NEG. The proposer was not convinced the workgroup had made a strong case for a more complicated set of arrangements for mixed sites. Therefore we believe CMP264 and P349 propose a technical solution which is simpler than CMP265 and P348 because it avoids the challenges of identifying complicated mixed site configurations and determining rules for netting import from export volumes. However, we also note that the consultation considers whether suppliers could provide additional evidence to National Grid (over and above what is reported in accordance with the BSC solution). The means of collecting and providing this additional data has not been specified under P349 and the CMP workgroup should give consideration to how this process would work in practice. ELEXON does not have a view whether the definition of 'commissioned' is appropriate. However, as noted above, we believe definitions need to be clear so parties are able to effectively discharge their obligations and because other industry code requirements will rely on those set out in the CUSC. For example, in addition to relying on suppliers determining whether a site has received EREC G59 certification, the definition of NEG and 'commissioned' relies on a handful of exceptional circumstances (see paragraph 3.3.15) and the site being a '*sufficient size*'. It is clear the definitions will require precise drafting to ensure the definitions are clear and unambiguous. Finally, in light of the reliance on suppliers to self-certify a site and to provide metered data, the CMP264/265 workgroup should consider how compliance will be monitored and assured. In keeping with our comments relating to primacy, we believe the CUSC should take the primary role in any assurance requirements.

Q	Question	Response
13	**Do you have a view of whether implementation for the 2017/18 Triad season is sufficient to allow changes for:** **i) supplier contracts and billing system; and** **ii) ii) for other stakeholders?**	This response is in addition to our more general response to Q2. We have assumed that implementation for the 2017/18 Triad season means by the proposed implementation date, i.e. 1 April 2017. ELEXON is still waiting for responses to the P349 Assessment Consultation and Impact Assessment. Until ELEXON receives these responses and the P349 workgroup has considered them, we cannot say whether implementation of CMP264 in time for the 2017/18 Triad is achievable. ELEXON note that the Scheduled BSC Releases over the next 12-18 months are already expected to be challenging to implement because of the volume and complexity of changes required. Additional changes to BSC Systems, such as P349, are likely to make these Releases more of a challenge. We note that National Grid may be considering its own temporary manual workaround to enable the implementation of CMP264 in time for the 2017/18 Triad. We'd welcome more detail on National Grid's plans to ensure compatibility with any BSC solution.

Q	Question	Response
18	**Do you have a view if embedded benefits are frozen at a non-zero value, what should that value be as a £/kW tariff (2016/17 value is £45.33 / kW)?**	

Specific questions for CMP265

Q	Question	Response
11	**i) Views are sought on the implication for mixed sites discussed in 3.4.10.** **ii) Views are sought on the preference of categories of capacity Market CMU captured by this proposal, please indicate your preference from the following list and reasons:** • **All existing and new distribution generation CMUs** • **All existing and new distribution generation CMUs and DSR CMUs (proven and unproven)** • **All price maker CMUs** • **All newbuild/prospective distribution generation CMUs only (defined as >1year contracts)**	In keeping with our role as the BSCCo, we have only responded to sub-question i). Furthermore, our response to this question should be read in conjunction with our response to Q10 – particularly in relation to the need for clear requirements and definitions. As originally drawn out during the P348 workgroup discussion and summarised above in our response to Q10, CMP265 and P348 propose that a net value of export metered data should be reported for qualifying CMU sites. The process for calculating a net value is potentially complicated in terms of i) identifying all related metering systems (some of which may not be registered to the supplier responsible for the CMU metering system), ii) determining and sharing an appropriate method for calculating a net export volume for each CMU site, iii) performing individual site net calculations, iv) aggregating the data and v) reporting the results to National Grid. P348 would require BSC Systems to handle data and perform calculations that it is unfamiliar with. That is BSC Systems don't currently receive and process metered data for individual SVA metering systems. Nor do they execute SVA site specific netting rules. BSC Systems may require considerable changes to facilitate P348. In light of this complexity it is important that the requirements and definitions are clearly specified within the CUSC and BSC. This is so the arrangements are robust and that parties involved in these processes are clear of what their responsibilities are. Furthermore, the CMP265 workgroup should pay particular attention to how they expect the CUSC to monitor compliance with these requirements and provide assurance.

14	**Do you have a view of whether implementation for the 2020/21 Triad season is sufficient to allow changes for i) supplier contracts and billing system, and ii) for other stakeholders?**	This response is in addition to our more general response to Q2. We have assumed that implementation for the 2020/21 Triad season means by the proposed implementation date, i.e. 1 April 2020. ELEXON is still waiting for responses to the P348 Assessment Consultation and Impact Assessment. Until ELEXON receives these responses and the P348 workgroup has considered them, we cannot say whether implementation of CMP264 in time for the 2020/21 Triad is achievable. Whilst we must wait for consultation and IA responses, on the one hand it is reasonable to expect the challenges of implementing CMP265 in four years' time are fewer than we are likely to face for CMP264 because CMP265 and P348 have longer lead times before implementing any solution. However, whilst there may be more time in which to implement a solution, CMP265 and P348 propose more complicated solutions which may pose more of a challenge to design and implement for Suppliers and ELEXON.

Specific questions for BOTH CMP264 & CMP265

Q	Question	Response
9	**i) Suppliers: In setting charges for your demand customers, do you charge them at the same tariff as National Grid charges you (i.e. gross), to enable you to pay the embedded benefit to embedded generators, or please explain the way in which it is funded?** ii) **Suppliers: Does the estimate that 7.58GW of embedded generation output and 2.5GW of demand side reduction at the time of Triad for 2016/17 seem reasonable based on your knowledge of the UK market? If not what is your estimate of embedded generator output and DSR at time of Triad?**	

Q	Question	Response
12	**Can you identify – either quantitatively or qualitatively - the impact of the demand TNUoS embedded benefit on your decisions made in making capacity market decisions?**	
15	**i) What are your views on the 2 broad options to enable the reporting of gross export metered data?** **ii) Would you have the data available required for Option B (both CMP264 and CMP265) for both new contracts and existing contracts where a customer may be partially exempt?** **iii) Do you believe you can implement the proposed changes by the respective implementation dates?** **iv) What are the pros and cons of the 2 proposals that ELEXON are considering to implement this (P348 for CMP265/ P349 for CMP264)?**	We have already provided thoughts on the two primary solutions (i.e. 'Option A') proposed by P348 and P349 for reporting data in our responses to Q13 and 14. The P348 and P349 workgroup considered alternative solutions to both P348 and P349 (i.e. 'Option B'). Put simply the main proposals of each modification specify solutions that require Suppliers, their Data Aggregators and the Supplier Volume Allocation Agent to collect, correct for line losses and aggregate (which may require following netting rules provided by Suppliers) metered data to Supplier BMU level before reporting these values to National Grid (i.e. Option A). The alternative solutions considered for each of P348 and P349 propose simpler solutions in terms of the BSC. That is, they would only specify in the BSC that Suppliers and their Data Collectors report HH metered data for individual metering systems to National Grid. This approach would avoid the need for any changes to BSC Systems. Instead it would be National Grid's responsibility to aggregate the individual metering system metered data (which may include import metered data and require following netting rules provided by Suppliers) to determine export volumes for each Supplier BMU. At present P348 and P349 do not envisage specifying the additional steps National Grid would need to follow in the BSC. These would need to be specified in the CUSC. Please note that the P348/349 Workgroup has not yet formally raised these options as Alternative Modifications.
16	**Do you have any further evidence / comments on the consumer impact of changing the demand TNUoS embedded benefit in either the short-run or long-run?**	
17	**Do you feel that both the locational and residual component of the demand TNUoS should be removed as an embedded benefit (as CMP264 Original) or just the residual component (as CMP265 Original) or some other method?**	

Q	Question	Response
19	**Regarding the proposed alternatives what are your views on the suggested implementation dates? Are these achievable? Please give reasons for your view.**	We note that the CMP264/265 workgroup has considered several Workgroup Alternative CUSC Modifications (WACMs). As we have raised at workgroup meetings, based on what we know about the potential WACMs, we are concerned that defects identified by P348 and P349 are narrow (i.e. they specifically relate to NEGs or CMUs) and may not accommodate the proposed WACMs. The CMP264/265 workgroup will need to urgently consider whether any WACM requires a new BSC Modification Proposal to be raised – particularly if the intention is for the WACM to be implemented over the next 12-18 months.