

Nadir Hafeez  
Ofgem  
**By email**

11 September 2018

Dear Nadir

**CUSC Modifications Panel Recommended Timetable for CMP302 Extend the small generator discount until an enduring solution acknowledging the discrepancy between England & Wales and Scotland is implemented.**

On 23 August 2018, Millennium Wind Energy Ltd. raised CMP302. The Proposer sent a request to the Grid Code Panel Secretary for the modification to be treated as urgent.

The CUSC Modifications Panel ("the Panel") considered CMP302 and the associated request for urgency at the CUSC Modifications Panel meeting held on 31 August 2018. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends.

CMP302 seeks to This proposal seeks to extend the small generator discount that is currently due to expire on 31 March 2019 until an enduring solution that acknowledges the discrepancy between sub-100MW plant connected in England and Wales at 132kV versus the same connected in Scotland is implemented. Such an enduring solution may come forward through Ofgem's Targeted Charging Review, as it affects forward-looking and residual charges. This modification seeks to maintain the status quo until an enduring solution is established.

**Request for Urgency**

The Panel considered the request for urgency with reference to Ofgem's Guidance on Code Modification Urgency Criteria. The majority view of the Panel is that **CMP302 does meet** these criteria and **SHOULD** be treated as an Urgent CUSC Modification Proposal.

In the discussion, members of the Panel noted the following;

- Due to the modification wishing to extend the Small Generator discount into the CUSC, and the relatively short period of time between now and the end of January, when this modification would need to be in the CUSC for it to be effective prior to the 2019/2020 charging year, urgency would be needed to expedite the modification.

## Procedure and Timetable

Having decided to **recommend urgency** to Ofgem, the Panel discussed an appropriate timetable for CMP302.

The Panel agreed that CMP302 subject to Ofgem's decision on Urgency should follow the attached Code Administrators proposed timetable (Appendix 1 **Urgent recommendation**).

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response

Yours sincerely

Trisha McAuley OBE  
Independent Chair of the CUSC and Grid Code Panel

## Appendix 1 – CMP302 Request for Urgency

### CMP302 – request for urgent consideration

#### Introduction

CMP302 seeks to extend the Small Generator Discount (SGD) for 132kV connected generators in Scotland which is due to expire on the 31st March 2019. The intention of CMP302 is to keep SGD in place until an enduring replacement to the SGD is implemented. The expectation is that Ofgem's Targeted Charging Review (TCR) will identify the enduring replacement.

The CUSC Mod has been submitted by Millennium Wind Energy Limited (MWEL) which is a BSC Party and which is owned by Falck Renewables Wind Limited. Although the CUSC Mod is being raised by MWEL, it is supported by a substantial group of independent generators.

The SGD was introduced at the implementation of BETTA in 2005 in order to address the discrepancy between sub 100MW generators connected at 132kV; in England where these projects are connected to the distribution network (and are "embedded") whilst in Scotland such projects are connected to the transmission network. The decision of Ofgem at the time was to correct this discrepancy by applying a 25% discount to transmission (TNUoS) charges for 132kV connected generators in Scotland and this was put in place in lieu of an enduring solution to the problem. This temporary arrangement is set out in SLC C13 of the electricity transmission licence, and it has been extended four times since it was originally introduced; an enduring

solution to this problem has not yet been forthcoming. Unless action is taken, SGD will expire on the 31st March 2019.

We understand that this issue is being considered as part of Ofgem’s Targeted Charging Review and our proposal is that the deadline for the expiry of the SGD should be extended indefinitely until such time as an enduring solution emerges. We believe that this approach is pragmatic and will allow a seamless transition from the current arrangements under SLC 13 to an enduring solution which we anticipate will emerge from the Targeted Charging Review. We also note that this is in line with the decision following Ofgem’s previous review of SLC C13, which was published on 22 January 2016, which stated that “it is appropriate that the discount remains in place while work on this matter continues.”

#### Consideration of urgency criteria

The SGD will expire on 31 March 2019 unless action is taken to extend the SGD. In accordance with the Ofgem Guidance on Code Modification Urgency Criteria the following criteria is applicable to CMP302:

“1. Be linked to an imminent issue or current issue that if not urgently addressed may cause:

- a. A significant commercial impact on parties, consumers or other stakeholder(s);”

Our estimate is that the impact on generators who receive the SGD for their projects will be an increase of TNUoS costs of approximately £30m in 2019/20.

In order to allow time for the CUSC Mod to be implemented and for the revised charging arrangements to be put in place by 31 March 2019, would require a decision from Ofgem by 31 January 2019. Allowing 2 months for Ofgem to consider the Work Group report, would require that the Work Group report is completed in October 2018, followed by the Code Administrator Consultation and the CUSC Panel decision by the end of November 2018. This tight timescale requires that CMP302 is progressed on an urgent basis.

## Appendix 2– Timetables for consideration

**Timetable 1:** Urgent timetable for implementation ahead of 31 January 2018:

Modification Stage	Date
Request for Urgency received	31 August 2018
Publish Workgroup Consultation (15WDs)	29 October 2018
Workgroup Consultation closing date	19 November 2018
Workgroup Report to CUSC Panel	30 November 2018
Publish Code Administrator Consultation (5WDs)	03 December 2018
Code Administrator Consultation closing date	28 December 2018

Draft Modification Report to CUSC Review Panel and Industry (3 WDs)	29 December 2018
CUSC Review Panel Recommendation Vote	10 January 2018
Submit Final Modification Report to Authority	10 January 2019
Authority Decision ( <b>15WDs</b> )	31 January 2019
Date of Implementation	01 April 2019

**Timetable 2:** Re-prioritised **non-urgent** timetable

<b>Modification Stage</b>	<b>Date</b>
Request for urgency received	31 August 2018
Publish Workgroup Consultation (15WDs)	7 December 2018
Workgroup Consultation closing date	7 January 2019
Workgroup Report to CUSC Panel	31 January 2019
Publish Code Administrator Consultation (15WDs)	3 February 2019
Code Administrator Consultation closing date	24 February 2019
Draft Modification Report to CUSC Review Panel and Industry (5 WDs)	1 March 2019
CUSC Review Panel Recommendation Vote	29 March 2019
Submit Final Modification Report to Authority	1 April 2019
Authority Decision (25WDs)	6 May 2019
Date of Implementation	1 April 2020