Stage 2: Code Administrator Consultation	At what stage is this document in the process?
# CMP319: ## Consequential changes to section 11 of the CUSC as a result of CMP280 and/or 281	01 Proposal Form 02 Code Administrator Consultation 03 Draft CUSC Modification Report 04 Final CUSC Modification Report

Purpose of Modification: As part of the Workgroup analysis, the Workgroup identified that CMP 280 and 281 are charging modification and as such can only change section 14 of the CUSC. If either modification is approved changes to other none charging sections of the CUSC will be required. These changes cannot be achieved with CMP280 And CMP281. The principle addition related to the definitions of storage as a class. The definitions are common to CMP 280, 281 and their alternates.

The purpose of this document is to consult on CMP319 with CUSC Parties and other interested Industry members. Parties are requested to respond by 5pm on 29 August 2019 to cusc.team@nationalgrideso.com using the Code Administrator Consultation Response Pro-forma which can be found via the following link:

https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/consequential-changes-section-11-cusc

Published on: 31 July 2019

Length of Consultation: 20 Working days

Responses by: 29 August 2019

High Impact:

Medium Impact

Low Impact National Grid: Changes will be required to the BSUoS and TNUoS billing systems to tag out the appropriate metered import volumes for the purpose of the BSUoS and TNUoS charging base.

Suppliers: The reduced recovery of BSUoS and TNUoS charges from storage operators will need to be recovered from the balance of parties liable to BSUoS and TNUoS.

Contents

Timetable

The Code Administrator recommends the following timetable:

Presented to Panel	26 July 2019
Code Administration Consultation Report issued to the Industry	31 July 2019
Draft Final Modification Report presented to Panel	September 2019
Modification Panel decision	September 2019
Final Modification Report issued the Authority	14 October 2019
Decision implemented in CUSC	1 April 2021 (TBC)

Any questions?

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Proposer Details

Details of Proposer: (Organisation Name)	First Hydro Company
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:	Simon Lord Engie 07980 793692 Simon.lord@engie.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Libby Glazebrook Engie 07970-767221 libby.glazebrook@engie.com
Attachments (No): **If Yes, Title and No. of pages of each Attachment:**	

Impact on Core Industry Documentation.

Please mark the relevant boxes with an "x" and provide any supporting information

BSC	X
Grid Code	
STC	
Other	

(Please specify)

P383 currently progressing through the BSC process interacts with the definition of SVA storage

1 About this document

CMP319 was proposed by Engie and was submitted to the CUSC Modifications Panel for its consideration on 26 July 2019. The CUSC Panel unanimously decided to send CMP319 straight to Code Administrator Consultation for 20 Working days.

As part of the Workgroup analysis, the Workgroup identified that CMP 280 and 281 are charging modification and as such can only change section 14 of the CUSC. If either modification is approved changes to other none charging sections of the CUSC will be required. These changes cannot be achieved with CMP280 And CMP281. The principle addition related to the definitions of storage as a class. The definitions are common to CMP 280, 281 and their alternates.

This Code Administrator Consultation has been prepared in accordance with the terms of the CUSC. An electronic copy can be found on the National Grid ESO website https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/consequential-changes-section-11-cusc along with the CUSC Modification proposal form.

2 Summary

Defect

In June 2017, *CMP281 Removal of BSUoS Charges from Energy Taken From the National Grid System by Storage Facilities* was raised by Scottish Power and subsequently adopted by Engie (First Hydro Company).

Also, in June 2017, *CMP280 Creation of a New Generator TNUoS Demand Tariff which Removes Liability for TNUoS Demand Residual Charges from Generation and Storage User* was raised by Scottish Power and was subsequently adopted by Drax.

As part of the Workgroup analysis, the Workgroup identified that CMP280 and CMP281 will require changes to not only the charging sections of the CUSC but the definitions sections as well. These changes cannot be achieved with CMP280 And CMP281.

Consequently, this modification has been raised to detail the required changes to various none charging section of the CUSC. It is suggested, to improve efficiencies, that this Modification proceeds to code administrator consultation at the same time as CMP280 and CMP281.

What

Inserting in section 11 of the CUSC definitions related to CMP 280 and 281 principally around the definition of storage as a class.

Why

This change is needed to facilitate CMP280 and or CMP 281 or their alternates.

How

Modification to the none charging sections of the CUSC to support CMP280, the CMP 280 alternate and/or CMP281

3 Governance

This modification has been raised to detail the required changes to section 11 (none charging sections of the CUSC) as a result of issues identified by the CMP280 and CMP281 working group. It is suggested that this Modification proceeds to code administrator consultation at the same time as CMP281 and CMP280.

4 Why Change?

In June 2017, CMP281 (Removal of BSUoS Charges from Energy Taken From the National Grid System by Storage Facilities) was raised by Scottish Power and subsequently adopted by Engie

Storage operators are liable for the BSUoS on both their import and export volumes to and from the transmission network (in addition to the BSUoS costs implicit in their 'fuel cost'). This means that storage operators make a significantly greater contribution towards the recovery of BSUoS charges than their competitors.

Failure to address this issue will perpetuate a distortion to competition between storage operators and other generators and could hinder the development of new storage that could meet the increasing demand for flexibility. Moreover, given the nature of storage facilities and the system support role that they play, they are very unlikely to impose such balancing costs on the system when compared to other users

In June 2017 CMP 280 Creation of a New Generator TNUoS Demand Tariff which Removes Liability for TNUoS Demand Residual Charges from Generation and Storage User was raised by Scottish Power and was subsequently adopted by Drax.

The locational element of the Demand TNUoS tariff provides a cost reflective signal of the impact on the transmission system of increasing demand at a particular location of the transmission system. The TNUoS Demand Residual tariff element is not intended to be cost-reflective and serves to ensure that the Total Allowed Revenue is recovered from parties. As outlined in Ofgem's Targeted Charging Review consultation, Residual charges should be recovered on a basis which: reduces distortions, is fair and is proportional and practical in its application. Requiring storage parties to contribute to both the Generation and Demand TNUoS Residual tariff elements gives an unfair advantage to generators (whose imports are typically a small proportion of exports) compared to storage (whose imports typically exceed exports). The solution is to remove the liability to the TNUoS Demand Residual tariff element from these parties. Failure to do so will perpetuate the above distortion.

As part of the Workgroup analysis, the Workgroup identified that whilst this was a charging modification (which if approved would require change to aspects of section 14 - Charging Methodologies of the CUSC) there are in fact some definitions outside

section 14 of the CUSC that would require change should CMP280 and or CMP 281 be approved.

Both CMP280, CMP280 alternate and/or CMP281 require new definitions relating to storage to be added to section 11 of the CUSC.

5 Code Specific Matters

Technical Skillsets

The Working Group (if this modification does not precede directly to consultation) should consist of members with a well-developed understanding of the BSUoS and TNUoS.

Reference Documents

Targeted Charing Review: a consultation, Ofgem, 13 March 2017

6 Solution

The proposed definitions for SVA Storage Facility and CVA Storage Facility have been developed as part of the CMP280 /CMP281 working group discussions and are contained in both reports. For clarity, the discussion and details behind the key requirements is set out below. Also included below are details of the declaration that is proposed to be used to bring these requirements together for each storage facility.

Generation license

The Electricity Act envisages certain core activities, including the generation of electricity, which only a licensee (or a person subject to an exemption) may perform. Therefore, in order for the imports to a storage facility to be distinct from an ordinary supply, it is considered helpful for a storage facility to hold a generation license for the following reasons:

i. Ensuring operators have a generation licence is related to validation and verification. That is, to obtain a generation licence parties will need to apply to the Authority for a licence. This process will provide comfort that the generation licence holder meets the criteria for a generation licence and holding a licence is a public act which can be verified. It will provide assurance to CUSC Parties about the identity and activities of the licence holder. In particular, given the modification would also apply to SVA storage, requiring operators to hold a licence is a necessary precaution.

ii. Relief from Final Consumption Levies (FCLs) is predicated on the generator holding a generation licence – which means that the facility is excluded from the ordinary meaning of supply that is used to determine volumes that are subject to FCLs. Requiring storage facility operators to hold a generation licence to be relieved from BSUoS or demand charges would ensure consistency with the approach to FCLs and provide regulatory certainty to storage operators as to what they must do in order to be relieved of certain charges.

Whilst the requirements to hold a generation licence may place an extra burden on storage facilities, it is likely that storage operators seeking relief from networks charges and BSUoS are likely to also seek relief from FCLs.

On balance, it is considered that arguments for requiring operators to hold a licence outweighed those against.

Performs Electricity Storage as its sole function

Ofgem has consulted on changes to the standard conditions of the generation licence[1] that would clarify how the licensing regime applies to the operators of certain types of storage facility. These changes are intended to make clear that: electricity storage is considered a form of generation; that storage operators seeking relief from FCLs must hold a generation licence; and that to hold a generation licence the licensee operating an Electricity Storage Facility must not have self-consumption as its primary function.

The CUSC obligation uses the key definitions proposed for electricity storage and electricity storage facility, with a further obligation that the storage facility must "only" perform electrical storage. The intent here is to ensure that any co-located demand or generation must be separately metered and cannot be part of a storage facility. It is recognised that there will inevitably be some small additional loads contained in the storage facility demand that are required to support the electricity storage function (e.g. lights, fans, cooling, instrumentation etc) and without these the storage facility would not be able to operate as designed.

This CUSC proposal seeks to achieve consistency with the expected licence arrangements.

Has import and export metering that measures the electrical inputs and outputs to the storage facility

Whilst the requirement for import metering is self-evident, the need for export metering provides two benefits: firstly, it ensures that the storage facility is capable of exporting to the system; and secondly, it will allow the comparison of imports and export to the facility to take place and so ensure that any metering anomalies can be picked up as part of the BSC and/or CUSC validation and compliance processes.

CVA storage facilities are BM Units that only perform activities for electricity storage

This requirement is specific to CVA storage facilities and is driven by the way that CVA generation is set out in the relevant bilateral agreements between the Company and storage facility, and subsequently referenced in the CUSC for charging purposes.

Declaration Submission

The declaration submission brings together the key requirement in one submission. The requirements are confirmed in a declaration, the validity of which is determined

[1] Definition from draft generation licence condition for storage at https://www.ofgem.gov.uk/system/files/docs/2017/10/elecgen_slcs_consolidated_29sept2017.pdf

by The Company for CVA Storage Facilities, or in accordance with the BSC for SVA storage facilities. The BSC processes are currently being developed by the BSC though code modification P383.

The "Storage Tariff"

One further definition The "Storage Tariff" is also set out this will be detailed in the Transmission Network Use of System charge of that name as published by the Company in the Statement of Use of System Charges should CMP 280 or its alternate be approved.

7 Impacts & Other Considerations

Changes will be required for sections 11 of the CUSC and there may be other changes required for consistency as detailed in the legal text.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No

Consumer Impacts

Removal of this distortion should result in fairer allocation of the costs of balancing the system and hence in stronger competition, which should in turn allow discovery of new lower cost outcomes and new forms of flexibility

8 Relevant Objectives

Impact of the modification on the Applicable CUSC Objectives (Standard):

Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	Positive. Removing a distortion in competition will better facilitate competition.
(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;	Positive/ As BSUoS and residual TNUoS charges are not intended to be cost reflective, this proposal will have little impact on cost reflectivity other than removing a distortion whereby some users pay a disproportionate amount of the costs.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the	None

European Commission and/or the Agency *; and	
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	None
*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).	

9 Implementation

The Proposal should be implemented to coincide with the start of a Charging Year at the same time as CMP280 and / or CMP281.

1 April 2021 is the suggested implementation date.

10 Code Administrator Consultation: How to respond

If you wish to respond to this Code Administrator Consultation, please use the response pro-forma which can be found under the 'Industry Consultation' tab via the following link;

https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/modifications/consequential-changes-section-11-cusc

Responses are invited to the following questions;

1. Do you believe that CMP319 better facilitates the Applicable CUSC Objectives? Please include your reasoning.
2. Do you support the proposed implementation approach?
3. Do you have any other comments?

Views are invited on the proposals outlined in this consultation, which should be received by 5pm on 29 August 2019. Please email your formal response to cusc.team@nationalgrideso.com

If you wish to submit a confidential response, please note the following; 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 this confidentiality. A response marked 'Private & Confidential' will be disclosed to the Authority in full by, 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.

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 & Confidential'.

11 Legal Text

To be added to section 11

An “SVA Storage Facility” is an Electricity Storage Facility that:

i. performs Electricity Storage as its sole function;

ii. is operated by a Storage Facility Operator who also holds a generation licence;

iii. has its imports and exports, measured only by Half Hourly Metering Systems which are registered in the Supplier Meter Registration Service (SMRS) as part of a Supplier BM Unit, and where those Half Hourly Metering Systems only measure activities necessary for performing Electricity Storage; and

iv. is the subject of a valid Declaration.

A “CVA Storage Facility” is an Electricity Storage Facility that:

i. performs Electricity Storage as its sole function;

ii. is operated by a Storage Facility Operator who also holds a generation licence;

iii. has its imports and exports measured only by Half Hourly Metering Systems which are registered in the Central Meter Registration Service (CMRS), and as a BM Unit within the Central Registration Service (CRS) and where those Half Hourly Metering Systems only measure activities necessary for performing Electricity Storage;

iv. comprises plant and apparatus registered as part of a BM Unit or BM Units which only perform activities necessary for Electricity Storage, and the BM Units are listed within a bi-lateral agreement; and

v. is the subject of a valid Declaration.

A ‘Declaration’ is a statement to be submitted by the Registrant of the relevant BM Unit or BM Units, which:

i. is signed by one of the Storage Facility Operator’s registered Directors that confirms that a Storage Facility fulfils the criteria set out in the definitions of SVA Storage Facility and CVA Storage Facility as applicable ; and either

ii. for SVA Storage Facility only, is submitted in accordance with the BSC and contains other details that are required in accordance with BSC Section S; or

iii. for CVA Storage Facility only, identifies the specific BM Units which only perform activities necessary for Electricity Storage and is submitted to The Company.

The validity of an SVA Declaration is determined in accordance with BSC Section S, and of a CVA Declaration is determined by The Company. A CVA Declaration received by The Company will either be accepted or rejected within three Business Days and shall take effect on the effective date and time as notified to the CUSC Party.

“Electricity Storage” is the conversion of electrical energy into a form of energy which can be stored, the storing of that energy, and the subsequent reconversion of that energy back into electrical energy.

An “Electricity Storage Facility” is a facility where Electricity Storage occurs.

A “Storage Facility Operator” is a Generation Licensee who is responsible for the operation of a Storage Facility

The “Storage Tariff” is the Transmission Network Use of System charge of that name as published by the Company in the Statement of Use of System Charges

Text Commentary

Section 5 contains details of the derivations of the definitions. Should only CMP 280 original be approved the SVA Storage Facility definitions would be redundant and could be removed by a further housekeeping change. Should only neither CMP 280 or its alternate be approved the definition of Storage Tariff would be redundant and could be removed with a housekeeping modification.

