

## User Commitment for Non-Generation Users



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## Background

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- Generation user commitment for pre- and post-commissioning sites was introduced into the CUSC in April 2012 for April 2013 go-live
- Need to introduce enduring user commitment arrangements for interconnector and demand users by April 2015
- After this date, original Final Sums would apply
  - User would secure wider works as well as local

## Proposed Approach

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- Raise a CUSC Modification Proposal for:
  - Interconnectors
  - DNO Grid Supply Points
  - Directly Connected Demand
  - Pumped Storage?
- Working principle that arrangements should broadly reflect CUSC Section 15 (CMP192)
  - Concepts agreed by Ofgem and industry
- Different treatment will be included where it can be demonstrated as being justified and proportionate

## Current Arrangements

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Securities (£M)	Oct-Mar 2013/14	Apr-Sep 2014	Oct-Mar 2014/15	Apr-Sep 2015
Interconnectors (7)	14	23	32	67
Direct Connections (10)	70 (17)*	99	126	152
DNO GSPs (1)	0	0	0	0

**\*Actual security required after including capital contributions**

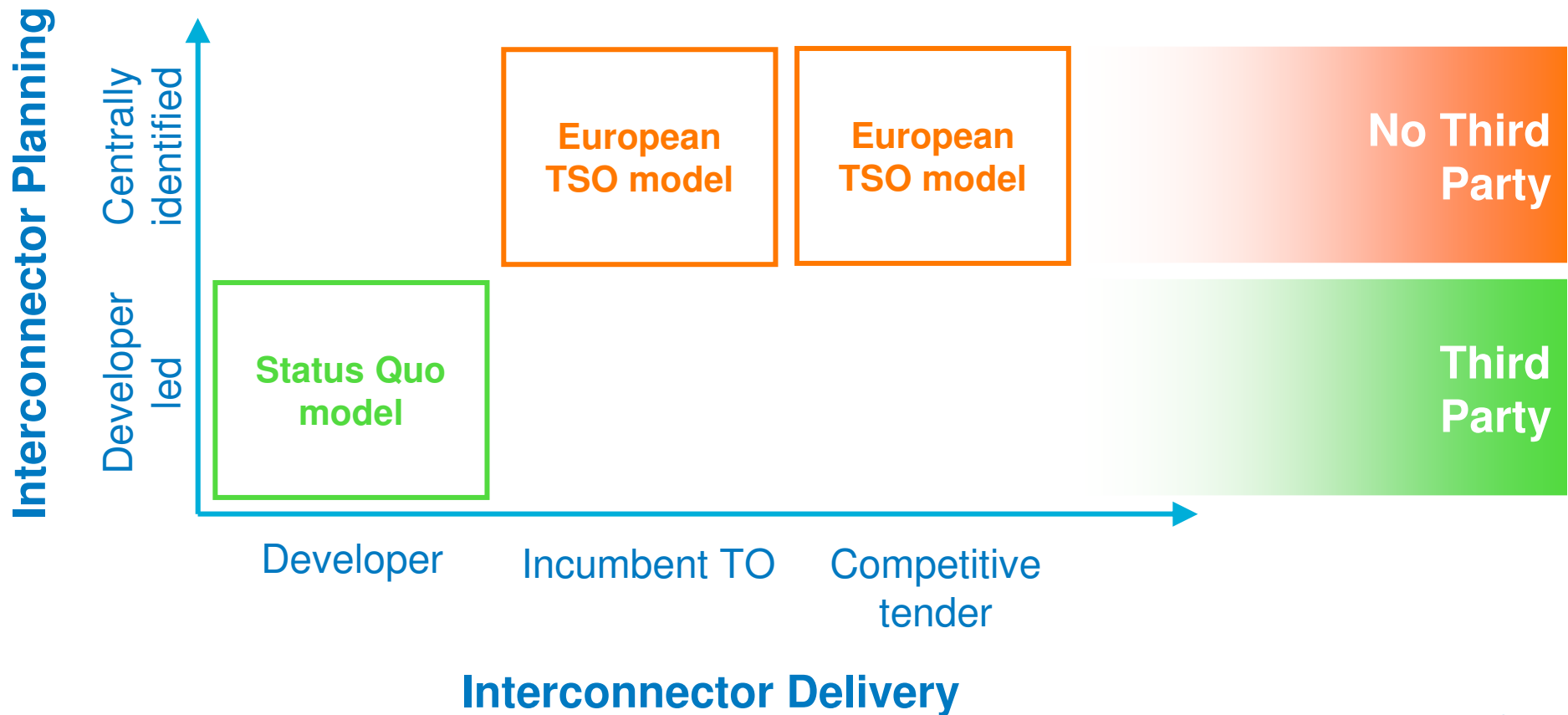
## Proposal - Interconnectors

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- Currently there are 7 interconnectors under development
  - Local and wider transmission works required
  - Risk profile similar to a new generator
- Post-commissioning, interconnector is an extension of the transmission system, much lower risk of termination
- User commitment proposal:
  - Based on CUSC 15 principles (TEC, Wider, Attributable, etc.)
  - Consideration of both import / export capacity drivers
  - No requirement post-commissioning

# Impact of Integrated Transmission Planning & Regulation (ITPR) national grid

- UC for consequential TO works may change depending on which way ITPR goes



## Impact of ITPR

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- Development of user commitment for ICs will depend on what ITPR recommends
- No direction in current ITPR consultation
  - “...we are considering all options with respect to the planning and delivery of interconnection.”
- However, we believe that this can be covered in a CUSC proposal by differentiating between third-party and NETSO initiated interconnectors

## Proposal - DNO

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- New DNO sites have more parallels with TO – TO arrangements, and are inherently low risk
  - Regulated business
  - Demand growth is predictable
  - No wider works triggered by DNO connections
- User commitment proposal:
  - Formalise existing Final Sums (local) arrangements
  - No requirement post-commissioning
- For clarity, where a new GSP is being driven by an embedded generator, CUSC 15 already applies



## Proposal - Direct Connections

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- Currently there are 10 new direct connections, all rail supplies
  - No wider or local works triggered
  - Connection works being paid off up-front through capital contributions
- Around 30 post-commissioning sites, majority rail supply
- User commitment proposal:
  - Formalise existing Final Sums (local) arrangements
  - No requirement post-commissioning

## Proposed Next Steps

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- Raise CUSC modification proposal Sep 2013
- CUSC Workgroup report to Panel Mar 2014
- Ofgem decision Jun 2014
- Implementation Apr 2015