User Commitment for Non-Generation Users

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Background

- 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

- 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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<tbody>
<tr>
<td>Interconnectors (7)</td>
<td>14</td>
<td>23</td>
<td>32</td>
<td>67</td>
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<tr>
<td>Direct Connections (10)</td>
<td>70</td>
<td>99</td>
<td>126</td>
<td>152</td>
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<tr>
<td>DNO GSPs (1)</td>
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*Actual security required after including capital contributions*
Proposal - Interconnectors

- 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)

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

Interconnector Planning
- Centrally identified
- Developer led

Interconnector Delivery
- Developer
- Incumbent TO
- Competitive tender

European TSO model
- No Third Party
- Third Party

Status Quo model
Impact of ITPR

- 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

- 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

- 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

<table>
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<th>Step</th>
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<tbody>
<tr>
<td>Raise CUSC modification proposal</td>
<td>Sep 2013</td>
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<tr>
<td>CUSC Workgroup report to Panel</td>
<td>Mar 2014</td>
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<tr>
<td>Ofgem decision</td>
<td>Jun 2014</td>
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<tr>
<td>Implementation</td>
<td>Apr 2015</td>
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