

CUSC Modification Proposal Form		At what stage is this document in the process?												
<h1 style="color: #00a651;">CMP295:</h1> <h2>Contractual Arrangements for Virtual Lead Parties (Project TERRE)</h2>	<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #00a651; color: white; border-radius: 5px;">01</td> <td style="background-color: #00a651; color: white; border-radius: 5px;">Proposal Form</td> </tr> <tr> <td style="border-radius: 5px;">02</td> <td style="border-radius: 5px;">Workgroup Consultation</td> </tr> <tr> <td style="border-radius: 5px;">03</td> <td style="border-radius: 5px;">Workgroup Report</td> </tr> <tr> <td style="border-radius: 5px;">04</td> <td style="border-radius: 5px;">Code Administrator Consultation</td> </tr> <tr> <td style="border-radius: 5px;">05</td> <td style="border-radius: 5px;">Draft CUSC Modification Report</td> </tr> <tr> <td style="border-radius: 5px;">06</td> <td style="border-radius: 5px;">Final CUSC Modification Report</td> </tr> </table>		01	Proposal Form	02	Workgroup Consultation	03	Workgroup Report	04	Code Administrator Consultation	05	Draft CUSC Modification Report	06	Final CUSC Modification Report
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<p>Purpose of Modification: Under BSC P344 and GC0097, and future market arrangements, an aggregator will combine the export capabilities of SVA-registered embedded generation to participate in the BM. In order to facilitate Grid Code compliance, and to ensure appropriate rights/obligations for Virtual Lead Parties (as to be defined in BSC P344), accession to the CUSC is necessary and entry into specific CUSC contracts is required.</p>														
	<p>The Proposer recommends that this modification should be: assessed by a Workgroup</p> <p>This modification was raised 19 April 2018 and will be presented by the Proposer to the Panel on <i>27 April 2018</i>. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>													
	<p>High Impact: Persons who will be Virtual Lead Parties in the BSC</p>													
	<p>Medium Impact: The Company</p>													
	<p>Low Impact</p>													

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Timetable		
<i>The Code Administrator will update the timetable.</i>		
The Code Administrator will present a timetable to CUSC Panel on 27 April 2018 for their approval.		
Initial consideration by Workgroup	dd month year	 harriet.harmon@nationalgrid.com
Workgroup Consultation issued to the Industry	dd month year	
Modification concluded by Workgroup	dd month year	
Workgroup Report presented to Panel	dd month year	
Code Administration Consultation Report issued to the Industry	dd month year	
Draft Final Modification Report presented to Panel	dd month year	
Modification Panel Recommendation Vote	dd month year	
Final Modification Report issued the Authority	dd month year	
Decision implemented in CUSC	01 April 2019	

 Any questions?

Contact:
Joseph Henry

 joseph.henry2@nationalgrid.com

 07970673220

Proposer:
Harriet Harmon

 harriet.harmon@nationalgrid.com

 07970458456

National Grid Representative:
Harriet Harmon

 harriet.harmon@nationalgrid.com

 harriet.harmon@nationalgrid.com

Proposer Details

Details of Proposer: (Organisation Name)	National Grid Electricity Transmission (System Operator)
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:	Harriet Harmon National Grid 07970458456 harriet.harmon@nationalgrid.com
Details of Representative’s Alternate: Name: Organisation: Telephone Number: Email Address:	Rachel Tullis National Grid 07919394017 rachel.tullis@nationalgrid.com
Attachments (Yes/No): YES – 1 attachment: 1. VGA Draft LT.pdf (9 pages)	

Impact on Core Industry Documentation.

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

BSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
STC	<input type="checkbox"/>
Other	<input type="checkbox"/>

1 Summary

Defect

Under BSC P344, new entrants to the market will be created – ‘Virtual Lead Parties’ (hereafter ‘VLPs’) – and will, in their capacity as the aggregator of SVA-registered generating units, participate in the provision of services under Project TERRE. GC0097 outlines specific technical requirements for these VLPs, including but not limited to communications and operational metering. The VLP will accede to certain sections of the BSC, and the CUSC (including Section 6 thereof which mandates compliance with the Grid Code). In order to enable access to the System and to participate as a BMU, the VLP will need to sign a Bilateral Agreement, however in their current form, no CUSC Exhibit is appropriate for VLPs as they do not own or operate the individual stations. A new Agreement is therefore required for these new users to reflect a) they do not own or operate the stations; b) The Company may require further technical assurances which would ordinarily be in the Appendices F1 onwards to a BELLA and/or BEGA; and c) the sites aggregated by the VLP are SVA-registered and cannot be CVA.

What

It is proposed that in order to deliver a new Agreement for VLPs, the following changes are made:

Section 1 – Introduce VLPs as a User Category and update application process accordingly;

Section 11 – Define VLPs and the new Agreement;

Create a new, or use the extant CUSC Exhibit F (application form) - the Proposer believes this should be decided by the Workgroup rather than form part of this initial proposal;

Create a new Bilateral Agreement under Schedule 2 of the CUSC, reflecting the unique nature of the VLPs’ relationship to the generating units – it is proposed that this is a hybrid of a BELLA and BEGA (relevant Clauses only) and utilises the existing Appendix F

This Proposal has one appended document, that being a draft version of the new BA which might apply. Additional legal text should be produced through the Workgroup.

Why

Under BSC P344, new entrants to the market will be created – ‘Virtual Lead Parties’ (hereafter ‘VLPs’) – and will, in their capacity as the aggregator of SVA-registered generating units, participate in the provision of services under Project TERRE. GC0097 outlines specific technical requirements for these VLPs, including but not limited to communications and operational metering. The VLP will accede to certain sections of the BSC, and the CUSC (including Section 6 thereof which mandates compliance with the Grid Code). In order to enable access to the System and to participate as a BMU, the VLP will need to sign a Bilateral Agreement, however in their current form, no CUSC Exhibit is appropriate for VLPs as they do not own or operate the individual stations. A new Agreement is therefore required for these new users to reflect a) they do not own or operate the stations; b) The Company may require further technical assurances

which would ordinarily be in the Appendices F1 onwards to a BELLA and/or BEGA; and
c) the sites aggregated by the VLP are SVA-registered and cannot be CVA.

Without a change to the CUSC to facilitate this new Agreement and to introduce the concept of VLPs, there is a significant risk that there are regulatory/code 'gaps' in the overall TERRE process insofar as it relates to VLPs. Whilst the VLP will be required to adhere to the Grid Code to the extent it is relevant, there are technical requirements outlined to the other registrants of BMUs which will be equally valid for VLPs but which may not otherwise be codified appropriately.

How

Legal text drafting is attached as indicated, but in summary:

It is proposed that in order to deliver a new Agreement for VLPs, the following changes are made:

Section 1 – Introduce VLPs as a User Category and update application process accordingly;

Section 11 – Define VLPs and the new Agreement;

Create a new, or use the extant CUSC Exhibit F (application form) - the Proposer believes this should be decided by the Workgroup rather than form part of this initial proposal;

Create a new Bilateral Agreement under Schedule 2 of the CUSC, reflecting the unique nature of the VLPs' relationship to the generating units – it is proposed that this is a hybrid of a BELLA and BEGA (relevant Clauses only) and utilises the existing Appendix F

2 Governance

Justification for Normal Procedures

Normal procedures should apply to this Proposal as:

1. There are multiple possible solutions to the noted defect, which would be best served by a Workgroup being assembled to determine viable options, followed by an Authority decision (which serves two purposes - 1. To provide The Authority with a level of comfort that the TERRE arrangements across codes are aligned/sufficient; and 2. To reflect the magnitude of the change on those who would be new entrants to the BM);
2. There is a material impact to any BSC Party (full or partial) who operates in the market as a Virtual Lead Party, as this change will introduce contractual and regulatory requirements which must be met to participate in the BM – without this change, the VLP will have no Grid Code obligations. Whilst a VLP is not in his own right a CUSC Party today, he will accede to Section K of the BSC which requires accession to and compliance with the CUSC; the CUSC does not currently recognise the relationship between The Company and that VLP;;

There is a material impact to The Company who must administer contracts entered into under the CUSC – the new contract will modify obligations/rights on the System Operator through the introduction of contractual interactions with a new CUSC Party.

Requested Next Steps

This modification should be assessed by a Workgroup

3 Why Change?

Under BSC P344, new entrants to the market will be created – ‘Virtual Lead Parties’ (hereafter ‘VLPs’) – and will, in their capacity as the aggregator of SVA-registered generating units, participate in the provision of services under Project TERRE. GC0097 outlines specific technical requirements for these VLPs, including but not limited to communications and operational metering. The VLP will accede to certain sections of the BSC, and the CUSC (including Section 6 thereof which mandates compliance with the Grid Code). In order to enable access to the System and to participate as a BMU, the VLP will need to sign a Bilateral Agreement, however in their current form, no CUSC Exhibit is appropriate for VLPs as they do not own or operate the individual stations. A new Agreement is therefore required for these new users to reflect a) they do not own or operate the stations; b) The Company may require further technical assurances which would ordinarily be in the Appendices F1 onwards to a BELLA and/or BEGA; and c) the sites aggregated by the VLP are SVA-registered and cannot be CVA.

4 Code Specific Matters

Technical Skillsets

Familiarity with the relevant Exhibits/Schedules to the CUSC which are used by Parties to contract with The Company, specifically BELLA and BEGA.

Reference Documents

5 Solution

Legal text attached.

6 Impacts & Other Considerations

Whilst this Proposal is related to P344 and GC0097, it does not have a material bearing on them, rather it is influenced by them. It should be noted that should the Authority reject either or both P344 and GC0097, this Proposal should also be rejected as without those modifications to their respective codes, this CMP would not be required.

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

It is linked to but does not influence P344/Project TERRE.

Consumer Impacts

This CMP facilitates other industry changes and therefore supports the benefits thereof.

7 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/Negative/None
(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 – facilitates TERRE arrangements which expand competition to smaller generating stations.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	Positive – facilitates the introduction of TERRE into GB arrangements
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive – ensures that Bilateral Agreements are updated to reflect the introduction of a new Market Participant, and ensures that those BAs are consistent across VLPs.

*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).

8 Implementation

As above, this CMP should not be approved by the Authority unless P344 and GC0097 are approved. Implementation should be aligned with the BSC and Grid Code, specifically such that new Bilateral Agreements are available immediately from the date of the BSC release which contains the relevant TERRE arrangements.

9 Legal Text

Attached – legal text proposed delivers core agreement but should be further developed by the Working Group

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

Agree that Normal governance procedures should apply and refer this proposal to a Workgroup for assessment.