

# CMP192 – Arrangements for Enduring Generation User Commitment



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## Background

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- Issues with existing arrangements for liabilities
  - Barrier to new entrants (size and volatility)
  - Not defined in frameworks (non-transparent)
  - Users' risk profiles not accounted for
  - Differing treatment of pre-/post-commissioning
  
- Interim arrangements in place until 31<sup>st</sup> March 2012

## **CMP192 Proposal**

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- Enduring solution based on forward-looking principle
- Must account for eight main aspects:
  - Total Value at Risk
  - Protecting the end consumer from undue risk
  - Transmission sharing
  - Asset Reuse
  - Impact of Connect & Manage
  - TO investment notice period
  - TO investment profile
  - Likelihood of cancellation/closure

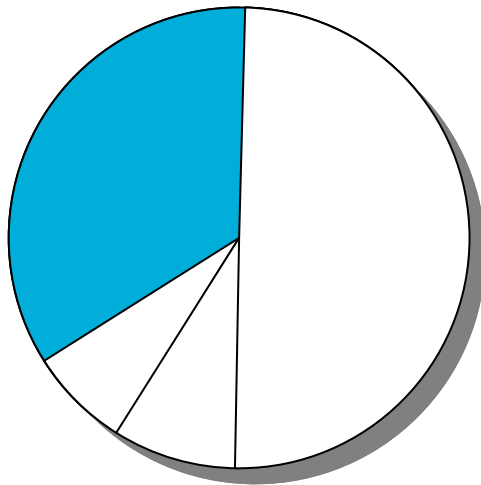
## CMP192 Proposal

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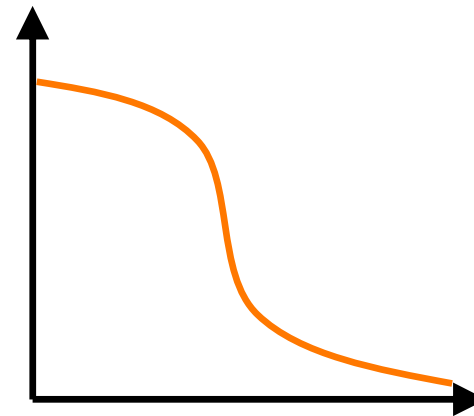
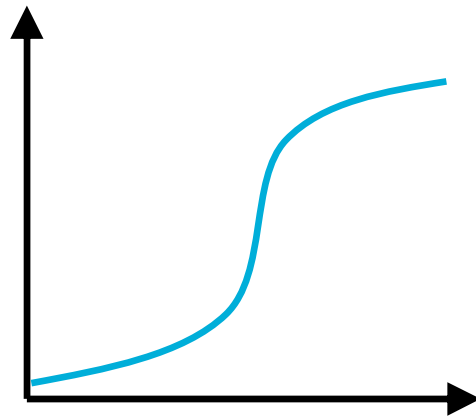
- Liability for Local works on pre-commissioning users only
  - Post-commissioning Local works are sunk costs
  
- Specific or Generic methodology?
  - Local works can be linked directly to generation
  - Wider works difficult to link directly to generation
  
- Local – Specific
- Wider – Generic

# CMP192 Proposal

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- Wider Value at Risk
- Consumer Risk
- Asset Reuse
- Compliance Factor
- TO Investment Profile
- Likelihood Factor



## **CMP192 Process**

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- Sent to Workgroup by CUSC Panel on 25<sup>th</sup> February
- Workgroup currently developing solution
- Workgroup consultation expected 8<sup>th</sup> June – 29<sup>th</sup> June
- CUSC Panel decision expected 29<sup>th</sup> July