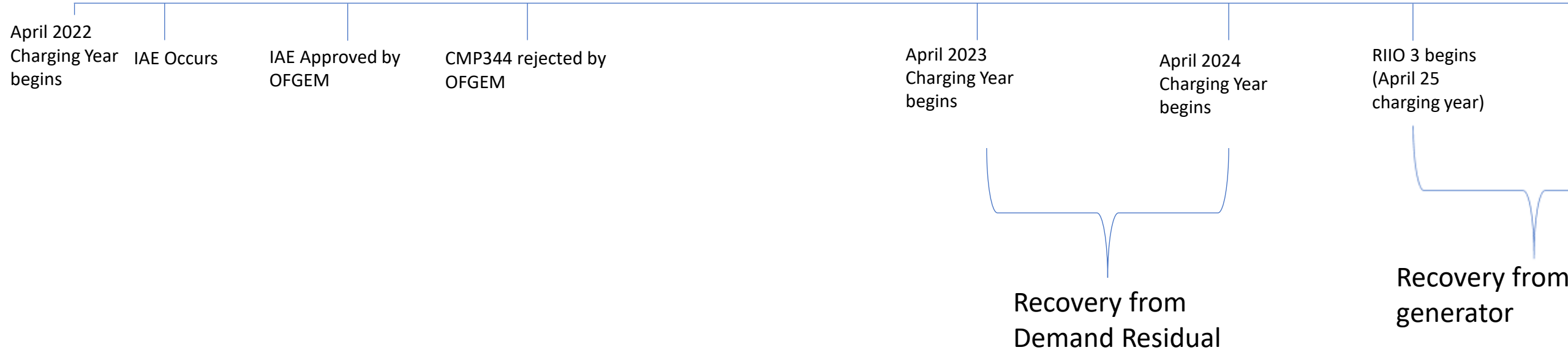


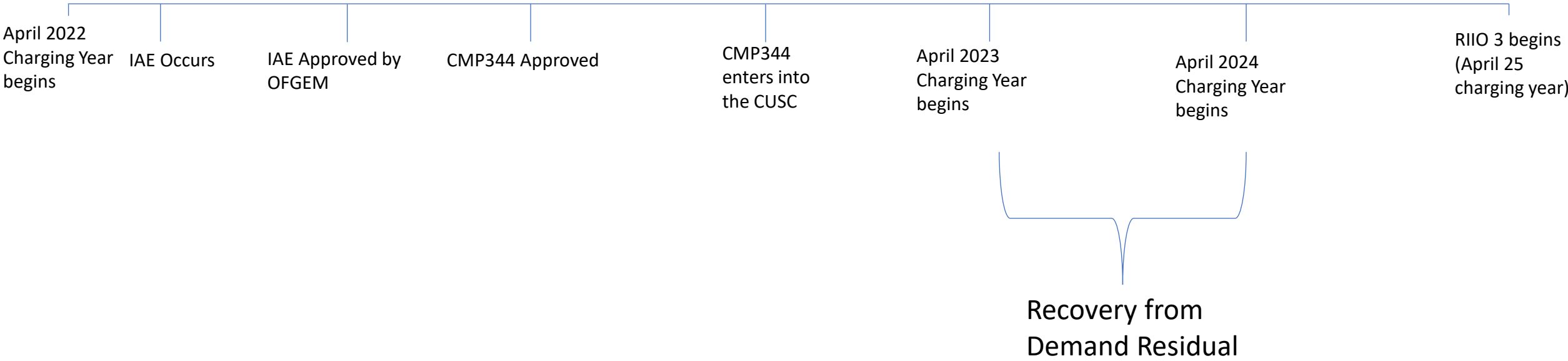
Implementation Approach

- CMP344 may be introduced to CUSC as soon as practicable after approval, without any impact on revenue collection or tariff setting.
- Current processes (not codified) would lead to revenue collection from the demand residual in the year following an IAE being approved (subject to sufficient timescales to be included in tariffs).
- Charges are then levied via a generators' local tariff from the beginning of the next price control.
- CMP344 leaves the first step of this process unaffected, removing only the second part.
- This holds true irrespective of when an IAE might be approved, relative to CMP344 entering the CUSC - even if an IAE were to be approved prior to CMP344 entering the CUSC (assuming this is prior to RII03).
- The following slide set out a number of combinations of possible order of events, demonstrating that in all reasonable scenarios, revenue collection is unaffected by when CMP344 enters the CUSC (the exception being CMP344 being approved after the beginning of RII03 in 2025).

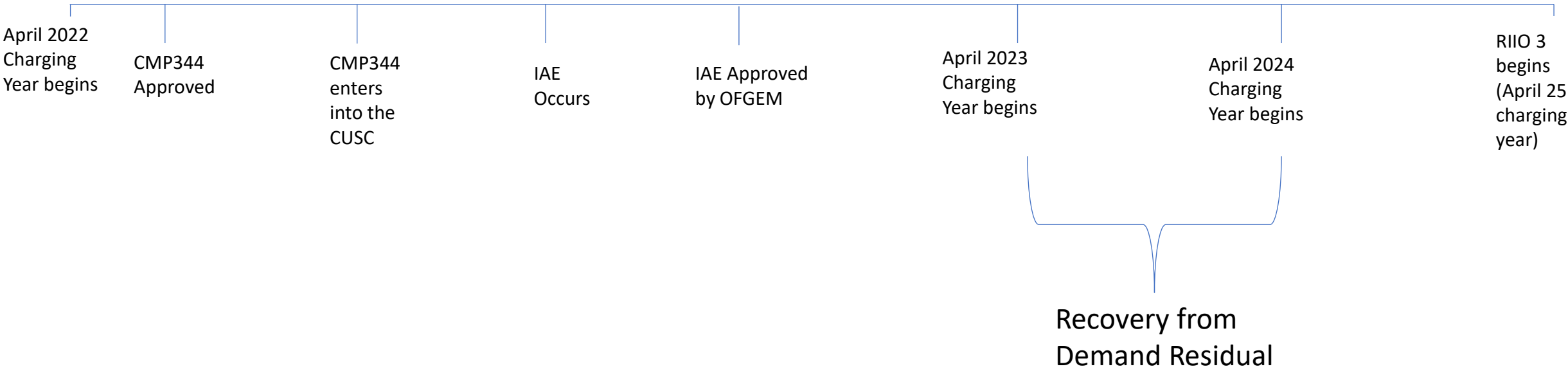
Baseline



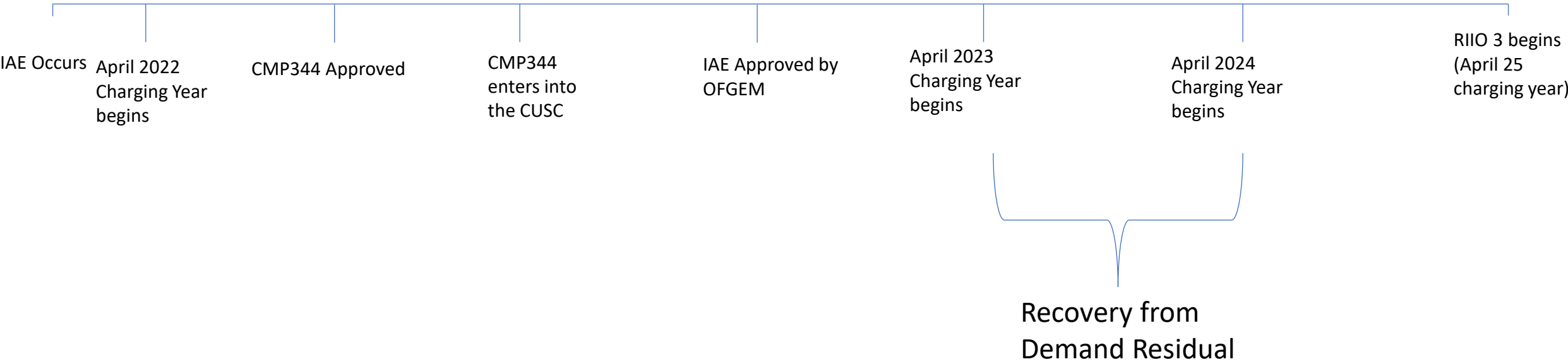
Scenario 1 – IAE occurs and is approved prior to 344 entering CUSC



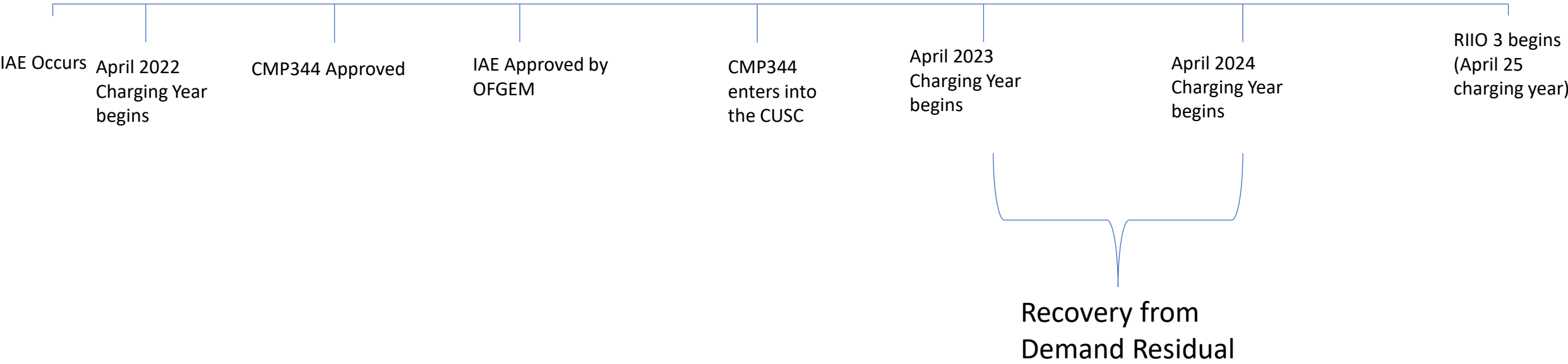
Scenario 2 – IAE occurs and is approved after 344 enters CUSC



**Scenario 3 – IAE occurs prior to 344 entering CUSC,
but is approved by OFGEM after 344 enters CUSC**



**Scenario 4 – IAE occurs prior to 344 entering CUSC,
but is approved by OFGEM after 344 is approved, but
prior to 344 entering the CUSC**



Scenario 5 – IAE occurs and approved after 344 enters CUSC, but without sufficient time for inclusion in April ‘23 tariffs

