

CUSC Alternative and Workgroup Vote

CMP298: Updating the Statement of Works process to facilitate aggregated assessment of relevant and collectively relevant embedded generation

Please note: To participate in any votes, Workgroup members need to have attended at least 50% of meetings.

Stage 1 - Alternative Vote

If Workgroup Alternative Requests have been made, vote on whether they should become Workgroup Alternative CUSC Modifications (WACMs).

Stage 2 - Workgroup Vote

2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC).

2b) Vote on which of the options is best.

Terms used in this document

| Term | Meaning |
|----------|---|
| Baseline | The current CUSC (if voting for the Baseline, you believe no modification should be made) |
| Original | The solution which was firstly proposed by the Proposer of the modification |
| WACM | Workgroup Alternative CUSC Modification (an Alternative Solution which has been developed by the Workgroup) |

The applicable CUSC objectives are:

- a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;
- 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;
- c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and
- d) Promoting efficiency in the implementation and administration of the CUSC arrangements.

*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).

Workgroup Vote

Stage 1 – Alternative Vote

Vote on Workgroup Alternative Requests to become Workgroup Alternative CUSC Modifications.

The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.

Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC objectives than the Original proposal then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM) and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.

“Y” = Yes

“N” = No

“-“ = Neutral

| Workgroup Member | Alternative 1 (Deemed accepted) | Alternative 2 (No TIA fees or re-work fee) | Alternative 3 (No re-work fee) | Alternative 4 (Combination of Alternatives 1 and 2) | Alternative 5 (Combination of Alternatives 1 and 3) |
|-------------------------------|------------------------------------|---|-----------------------------------|--|--|
| Grahame Neale | N | N | N | N | N |
| Brian Hoy | Y | Y | Y | Y | Y |
| Garth Graham / Andy Colley | Y | N | Y | N | Y |
| Zivanayi Musanhi | Y | N | Y | N | Y |
| Paul Munday / Joanna Knight | Y | Y | Y | Y | Y |
| WACM? | WACM1 | Not saved by Chair | WACM2 | Not saved by Chair | WACM3 |

Stage 2a – Assessment against objectives

To assess the original and WACMs against the CUSC objectives compared to the baseline (the current CUSC).

You will also be asked to provide a statement to be added to the Workgroup Report alongside your vote to assist the reader in understanding the rationale for your vote.

ACO = Applicable CUSC Objective

| Workgroup Member | Better facilitates ACO (a) | Better facilitates ACO (b) | Better facilitates ACO (c) | Better facilitates ACO (d) | Overall (Y/N) |
|--|----------------------------|----------------------------|----------------------------|----------------------------|---------------|
| Grahame Neale – National Grid ESO | | | | | |
| Original | Yes | Yes | Neutral | Yes | Yes |
| WACM1 | Yes | Yes | Neutral | Yes | Yes |
| WACM2 | Yes | Yes | Neutral | Yes | Yes |
| WACM3 | Yes | Yes | Neutral | Yes | Yes |
| <p>Voting Statement:</p> <p>We believe that overall all options presented will positively impact the relevant code objectives for the following reasons:</p> <ul style="list-style-type: none"> • A more efficient process should help the efficient discharge of NGESO and DNO's obligations (ACO a) • A more efficient process should result in a timelier understanding of transmission impact such that embedded generation have information required to make investment decisions which helps to facilitate effective competition (ACO b). • This proposal recognises that the process will continue to be refined for some time and as such the suggested solution is one that will not require to be updated often - promoting efficiency in the implementation and administration of the CUSC arrangements (ACO d). | | | | | |

| Workgroup Member | Better facilitates ACO (a) | Better facilitates ACO (b) | Better facilitates ACO (c) | Better facilitates ACO (d) | Overall (Y/N) |
|---|----------------------------|----------------------------|----------------------------|----------------------------|---------------|
| Brian Hoy – Electricity North West | | | | | |
| Original | Yes | Yes | Neutral | No | Yes |
| WACM1 | Yes | Yes | Neutral | Yes | Yes |
| WACM2 | Yes | Yes | Neutral | Yes | Yes |
| WACM3 | Yes | Yes | Neutral | Yes | Yes |
| <p>Voting Statement:</p> <p>All options will provide improvement that will benefit customers connecting through the standardisation of best practice and ensuring more consistency which will benefit all parties.</p> <p>The original does introduce an approve/reject step in the process which works against the stated principles of allowing the DNO to make offers and have them accepted without reference to the ESO, this undermines this intention and adds extra bureaucracy and therefore is not promoting efficiency in the implementation and administration of the CUSC arrangements (ACO d). This is removed in WCAM 1 and WCAM 3 where deemed acceptance within 5 days by the ESO will increase the efficiency of the process and provide more certainty around timescales for connecting party.</p> | | | | | |

The original does introduce some new charges for 're-work' which we would expect to be incidental costs borne by the ESO in having to recheck the revised submission. This proposed cross charging of small charges in itself creates additional transaction costs for both parties and therefore is not promoting efficiency in the implementation and administration of the CUSC arrangements (ACO d). This aspect is removed in WACAM 2 and WACAM 3 where these charges are removed.

| Workgroup Member | Better facilitates ACO (a) | Better facilitates ACO (b) | Better facilitates ACO (c) | Better facilitates ACO (d) | Overall (Y/N) |
|------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------|
| Grace March – Sembcorp | | | | | |
| Original | Yes | Yes | Neutral | Neutral | Yes |
| WACM1 | Yes | Yes | Neutral | Neutral | Yes |
| WACM2 | Yes | Yes | Neutral | Neutral | Yes |
| WACM3 | Yes | Yes | Neutral | Neutral | Yes |

Voting Statement:

All solutions create a more efficient process for embedded generators to connect, so help the ESO discharge its obligations (ACO a), allows embedded generators to understand where to connect/make investment decisions so facilitating more efficient and competitive generation (ACO b)

It does not seem appropriate for DUoS Users to pay the re-work fee, as it is not clear which party triggers the need for a rework, which is largely administrative. Given the small materiality, socialising across all BSUoS liable parties is most practical.

Deemed acceptance within 5 days by the ESO will increase the efficiency of the process and provide more certainty around timescales for connecting party.

| Workgroup Member | Better facilitates ACO (a) | Better facilitates ACO (b) | Better facilitates ACO (c) | Better facilitates ACO (d) | Overall (Y/N) |
|-----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------|
| Andy Colley – SSE Generation Ltd. | | | | | |
| Original | Yes | Yes | Neutral | Neutral | Yes |
| WACM1 | Yes | Yes | Neutral | Neutral | Yes |
| WACM2 | Yes | Yes | Neutral | Neutral | Yes |
| WACM3 | Yes | Yes | Neutral | Neutral | Yes |

Voting Statement:

No Voting Statement provided

| Workgroup Member | Better facilitates ACO (a) | Better facilitates ACO (b) | Better facilitates ACO (c) | Better facilitates ACO (d) | Overall (Y/N) |
|---|----------------------------|----------------------------|----------------------------|----------------------------|---------------|
| Andrew Akani – Western Power Distribution | | | | | |
| Original | Yes | Neutral | Neutral | Yes | Yes |
| WACM1 | Yes | Neutral | Neutral | Yes | Yes |
| WACM2 | Yes | Neutral | Neutral | Yes | Yes |
| WACM3 | Yes | Neutral | Neutral | Yes | Yes |
| Voting Statement: | | | | | |
| These proposals are based on a fairly successful long running industrial trial which has evidently improved the end to end customer experience. | | | | | |

| Workgroup Member | Better facilitates ACO (a) | Better facilitates ACO (b) | Better facilitates ACO (c) | Better facilitates ACO (d) | Overall (Y/N) |
|----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------|
| Robert Longden – Cornwall Energy | | | | | |
| Original | Yes | Yes | Neutral | Neutral | Yes |
| WACM1 | Yes | Yes | Neutral | Neutral | Yes |
| WACM2 | Yes | Yes | Neutral | Neutral | Yes |
| WACM3 | Yes | Yes | Neutral | Neutral | Yes |
| Voting Statement: | | | | | |
| No Voting Statement provided | | | | | |

| Workgroup Member | Better facilitates ACO (a) | Better facilitates ACO (b) | Better facilitates ACO (c) | Better facilitates ACO (d) | Overall (Y/N) |
|---|----------------------------|----------------------------|----------------------------|----------------------------|---------------|
| Kyran Hanks – Waters Wye | | | | | |
| Original | Yes | Yes | Neutral | Yes | Yes |
| WACM1 | Yes | Yes | Neutral | Yes | Yes |
| WACM2 | Yes | Yes | Neutral | Yes | Yes |
| WACM3 | Yes | Yes | Neutral | Yes | Yes |
| Voting Statement: | | | | | |
| All of these are better than the baseline. WACM3 is preferred as it adjusts the balance between the ESO and the DNOs to the benefit, we hope, of connected customers. The avoidance of a charge should also encourage the efficient development of the system, in a way that facilitates competition. We note the comments as to this amounting to a piecemeal approach to cost recovery of the ESO, but we consider that this should stimulate a discussion as to what the ESO is, or is not, allowed to charge. | | | | | |

| Workgroup Member | Better facilitates ACO (a) | Better facilitates ACO (b) | Better facilitates ACO (c) | Better facilitates ACO (d) | Overall (Y/N) |
|--|----------------------------|----------------------------|----------------------------|----------------------------|---------------|
| Zivanayi Musanhi – UK Power Networks | | | | | |
| Original | Yes | Yes | Neutral | Yes | Yes |
| WACM1 | Yes | Yes | Neutral | Yes | Yes |
| WACM2 | Yes | Yes | Neutral | Yes | Yes |
| WACM3 | Yes | Yes | Neutral | Yes | Yes |
| <p>Voting Statement:</p> <p>We believe that all four solutions better facilitate ACO (a) as they will assist with reducing the volume of individual embedded generation referrals the Licensee will process on a day to day basis as the solutions provide for aggregated assessments.</p> <p>ACO (b) - In view of the quicker turnaround timescales for embedded generation connection projects, when compared to transmission connecting projects, it is our view that all solutions will allow more projects to connect. This is due to the knowledge required to address investment decisions queries being shared promptly and therefore efficiently, as opposed to on a delayed basis which, in certain cases, can push away potential investors and/or cause embedded generation projects to be shelved. All four solutions therefore better facilitate ACO (b).</p> <p>All solutions better meet ACO (d) as experience has shown that the baseline can be inefficient and time-consuming in high embedded generation activity areas. Furthermore, all four proposed solutions provide some transparency.</p> | | | | | |

| Workgroup Member | Better facilitates ACO (a) | Better facilitates ACO (b) | Better facilitates ACO (c) | Better facilitates ACO (d) | Overall (Y/N) |
|--|----------------------------|----------------------------|----------------------------|----------------------------|---------------|
| Paul Munday – SSE Power Distribution Limited | | | | | |
| Original | Yes | Yes | Neutral | Yes | Yes |
| WACM1 | Yes | Yes | Neutral | Yes | Yes |
| WACM2 | Yes | Yes | Neutral | Yes | Yes |
| WACM3 | Yes | Yes | Neutral | Yes | Yes |
| <p>Voting Statement:</p> <p>No Voting Statement provided</p> | | | | | |

| Workgroup Member | Better facilitates ACO (a) | Better facilitates ACO (b) | Better facilitates ACO (c) | Better facilitates ACO (d) | Overall (Y/N) |
|------------------|------------------------------|----------------------------|----------------------------|----------------------------|---------------|
| | Matthew Paige-Stimson – NGET | | | | |
| Original | Yes | Yes | Neutral | No | Yes |
| WACM1 | Yes | Yes | Neutral | Yes | Yes |
| WACM2 | No | Yes | Neutral | No | No |
| WACM3 | No | Yes | Neutral | No | No |

Voting Statement:

Given the context of trial experience and benefits in handling elevated volumes of embedded connection applications we consider that the Original and WACM1 better meet and efficiently discharge the relevant objectives A, B and D. We have arrived at this view, having drawn comfort from assurances given by the ESO in the Working Group that available transmission capacity is not exclusively granted to any one connecting licence holder or user, as might otherwise materially distort competition. Overall, we consider that WACM1, with passive acceptance of Appendix G updates but with right of NGESO challenge, is the most appropriate approach in being slightly more efficient than the Original.

We consider WACM2, and by extension WACM3, are not preferred solutions to progress. A majority of the Working Group considered that not charging for re-work fees (caused by DNO error or inaccuracy) was an appropriate outcome. However, we consider that an approach, that does not charge parties for costs they cause, needs further separate and very careful consideration given broader ramifications for cost reflectivity principles through charges not being levied upon the party causing additional cost. We also consider that the cause for such re-work, and liability for costs arising, can be avoided by efficient process compliance by the TIA triggering party and fundamentally exposure to cost signals remains an important regulatory principle to drive behavioural outcomes to minimise costs on other parties.

Stage 2b – Workgroup Vote

Which option is the best? (Baseline, Proposer solution (Original Proposal), WACM1, WACM2 or WACM3).

| Workgroup Member | Company | BEST Option? | Which objective(s) does the change better facilitate? (if baseline not applicable) |
|------------------|----------------------------|--------------|--|
| Grahame Neale | National Grid ESO | Original | a, b, d |
| Brian Hoy | Electricity North West | WACM3 | a, b, d |
| Grace March | Sembcorp | WACM3 | a, b |
| Andy Colley | SSE Generation Ltd. | WACM3 | a, b |
| Andrew Akani | Western Power Distribution | WACM3 | a, d |
| Robert Longden | Cornwall Energy | WACM3 | a, b |
| Kyran Hanks | Waters Wye | WACM3 | a, b, d |
| Zivanayi Musanhi | UK Power Networks | WACM3 | a, b, d |

| | | | |
|-----------------------|--------------------------------|-------|---------|
| Paul Munday | SSE Power Distribution Limited | WACM3 | a, b, d |
| Matthew Paige-Stimson | NGET | WACM1 | a, b, d |

Of the 10 votes, how many voters said this option was better than the Baseline.

| Option | Number of voters that voted this option as better than the Baseline |
|----------|---|
| Original | 10 |
| WACM1 | 10 |
| WACM2 | 9 |
| WACM3 | 9 |