

### **CMP288 'Explicit charging arrangements for customer delays and backfeeds'**

and

### **CMP289 'Consequential change to support the introduction of explicit Charging arrangements for customer delays and backfeeds via CMP288'**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **31 January 2019** to [cusc.team@nationalgrid.com](mailto:cusc.team@nationalgrid.com) Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

Any queries on the content of the consultation should be addressed to Shazia Akhtar at [Shazia.akhtar2@nationalgrid.com](mailto:Shazia.akhtar2@nationalgrid.com)

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

|   |            |
|---|------------|
| <b>Respondent:</b>  | Paul Mott  |
| <b>Company Name:</b>  | EDF Energy |
| Please express your views regarding the Workgroup Consultation, including rationale.<br><br>(Please include any issues, suggestions or queries) |            |

## Standard Workgroup consultation questions

| Q | Question   | Response  |
|---|--|---|
| 1 | <b>Do you believe that CMP288 and CMP289 Original proposals, better facilitate the Applicable CUSC Objectives?</b> | <p>No, they have too many flaws. Contrary to the original at present, these modifications should not apply to connection agreements already signed, as that would represent retrospectivity; they should apply to new agreements. Developers need to understand their risk and liability; the quarterly statements should show the cost of a 1,2, or 3 year delay if made at that point, and there should be a comprehensive list in the CUSC of the one-off incremental costs that would be allowed relating to delays and backfeed requests.</p> <p>Our experience has been of there usually being errors in the liabilities statements we've received. There is very little transparency between ESO/TO and often the errors we flag are agreed as, indeed, errors rather than issues of confusing presentation. It would need a huge step change in the inadequate level of transparency and accuracy for developers to be able to manage the risk that CMP288/9 would add.</p> <p>The TOs' regulatory reporting packs should be published so that developers can see what is being spent, and the legal text for this mod must oblige the TOs to inform developers before undertaking a major financial commitment in relation to their connection, to give developers a chance to request a delay ahead of that spend. The delay charge should explicitly in legal text not be leviable where this hasn't happened in the quarterly process (and in between quarterlies where relevant), or where key milestones in Appendix J haven't been kept up to date. The backfeed charge should only include assets required for backfeed. This typically only includes a part of the enabling works (local substation), and no wider works.</p> <p>With these changes, the original proposal could potentially better facilitate the applicable objectives. As the proposer envisages and defines it, it has too many flaws, and would be worse than baseline.</p> |
| 2 | <b>Do you support the proposed implementation approach?</b>  | <p>No. These modifications should not apply to connection agreements already signed, as that would represent retrospectivity and the flow of information defined in this pair of mods (particularly CMP289, that defines the information) wouldn't have been flowing across the projects' lives); these two linked mods should apply to new connection agreements from their date of implementation.</p>  |
| 3 | <b>Do you have any other comments?</b>   | See above   |

| Q | Question  | Response  |
|---|---|---|
| 4 | <b>Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?</b> | <i>If yes, please complete a WG Consultation Alternative Request form, available on National Grid's ESO website<sup>1</sup>, and return to the CUSC inbox at <a href="mailto:cusc.team@nationalgrid.com">cusc.team@nationalgrid.com</a></i> |

**Specific questions for CMP288 and CMP289**

| Q | Question   | Response   |
|---|--|--|
| 5 | <b>Do you believe this consultation covers all the relevant interactions between other liability/charging mechanism currently in place in addition to cancelation and connection charge? If not, please can you provide further information.</b> | Yes  |
| 6 | <b>Do you agree with the scope of the works which are proposed to be used to calculate the charge?</b>   | It would be better to exclude shared enabling works, as the other party will still benefit from them. There is merit in simplicity.  |
| 7 | <b>Do you agree with the proposed level of granularity, timing of the proposed information exchange and the period it covers?</b>  | Developers need to understand their risk and liability; the quarterly statements should show the cost of a 1,2, or 3 year delay if made at that point, and there should be a comprehensive list in the CUSC of the one-off costs that would be allowed relating to delays and backfeed requests. The TOs' regulatory reporting packs should be published so that developers can see what is being spent, and the legal text for this mod must oblige the TOs to inform developers before undertaking a major financial commitment in relation to their connection, to give developers a chance to request a delay ahead of that spend. The delay charge should explicitly in legal text not be leviable where this hasn't happened in the quarterly process (and in between quarterlies where relevant), or where key milestones in Appendix J haven't been kept up to date. |
| 8 | <b>Do you agree with the proposed quarterly reporting of/provision of milestones?</b>  | See answer to question 7   |
| 9 | <b>Do you believe the report has captured all the cross code/licence issues relevant to these modifications?</b>   | Yes  |

<sup>1</sup><https://www.nationalgrideso.com/codes/connection-and-use-system-code-cusc/cusc-modifications>

| Q  | Question   | Response  |
|----|--|---|
| 10 | <b>Do you agree that the wording of the CUSC should be amended to clarify that one-off charges will be issued to recover additional incremental costs incurred to facilitate a User requested delay or backfeed? If so, do you think this should include a list of example such one off costs that can be incurred for delays and backfeeds?</b> | Yes, including the STC changes that relate to reporting obligations on TOs. There shouldn't be a list of example, rather there should be a comprehensive list in the CUSC of the one-off costs that would be allowed relating to delays and backfeed requests, to aid clarity and interpretation of what seems a wide ranging and rather open-ended proposal.   |
| 11 | <b>Do you support either of the solutions proposed for calculating financing charges in relation to shared enabling works? Do you have another solution which may be better?</b>   | Option 1 is risky – by targeting all the costs of financing early works to the delaying party, leads to a variable and uncertain charge. Option 2 (the correct MW proportion only of all shared works targeted to the delaying party re : shared enabling works) gives slightly more predictable charges, and avoids the “last man standing” issue. It would still be better to exclude shared enabling works, as the other party will still benefit from them. There is merit in simplicity. |
| 12 | <b>Do you agree with the proposed approach that the delay/backfeed charges should be paid as the costs are incurred? Or do you feel they should be paid in an alternative timeframe (e.g. the point of connection)?</b>  | The charges should be collected gradually over the period across which the cost is incurred, where the cost is itself incurred over time.   |
| 13 | <b>Do you agree with the one month deadline to notify the TO of an intention to delay, to allow the TO to reassess its investment strategy?</b>  | Yes, as this would provide the TO an opportunity to take measures to cease work or adjust its programme to minimise any incremental or financing costs associated with the works.   |
| 14 | <b>Do you agree that individual TOs' regulated Weighted Average Cost of Capital (WACC) should be used as the financing rate to calculate the proposed financing charges?</b>   | Yes   |