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30th January 2019

Attn: The CUSC Team

National Grid ESO
Faraday House
Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA

Dear Sir/Madam

Consultation on proposed CUSC Modifications CMP 288/289

Please find attached our response to the consultation issued on 15th January 2019 in relation to the proposed CUSC modifications CMP288/289.

Carlton Power are an independent Power Generation developer who has been active in the UK market for more than 20 years and have permitted more than 4.5GW of new capacity with over 2.2GW now in operation. We strongly object to the proposed CUSC amendments CMP288/289 as they will significantly increase the development cost associated in bringing forward new generation projects and risk excluding independent companies from the market which will thereby reduce competition.

The development of large scale power generation projects inevitably involves a significant degree of uncertainty regarding timing. This has increased over the years as the planning and financing of these projects has become more complicated and timing is made even more uncertain due to the introduction of the Capacity Market mechanism and the influence that the annual clearing price can have on project viability and the ability to secure investment funding. The proposed changes to the CUSC process and introduction of ongoing delay charges if the original connection dates are not achieved will mean that only large integrated companies, that can proceed with the certainty of balance sheet financing, will be able to apply for new connections.

Independent companies will also be prevented from entering large scale generation projects into the capacity market auction process as the rules require that participating bidders have a valid connection agreement for the delivery year. The proposed changes to CUSC mean that if the project is not successful in obtaining a capacity market agreement in an auction, the anticipated connection date will not be achieved and the project will inevitably face delay charges from the transmission operator. The risk of delay charges would become the price of just being able to participate in a capacity market auction which will reduce participation and competition.

We believe that the modifications proposed by National Grid are primarily targeted at increasing the returns of what is now an increasingly profit driven monopoly company and the improved transparency that they suggest should be in any event part of NG's normal administration of ongoing connections agreements. The information submission and reporting changes proposed can be introduced without modification of the CUSC as NG regularly change the appendices of the Connection Agreements as these are updated.

We have been aware of the proposed CUSC amendments for some months through discussions on our existing connection agreements with NGET and have been waiting for this consultation so that we could properly express our concerns. The consultation is over 4 months behind the original schedule and has now been issued with very little notice or time to respond but we hope to have the opportunity to comment in more detail when the Code Administration Consultation Report is issued to the Industry.

Yours faithfully

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