

Workgroup Consultation Response Proforma**CMP288/289: Explicit charging arrangements for customer delays and backfeeds (CMP288) and consequential change (CMP289)**

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 to cusc.team@nationalgrideso.com by **5pm on 27 April 2022**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Jennie Groome Jennifer.Groome@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Ian Baker
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I wish my response to be:

(Please mark the relevant box)

☒ Non-Confidential☐ Confidential

Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

For reference the Applicable CUSC (non-charging) Objectives are:

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- 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).*

For reference the Applicable CUSC (charging) Objectives are:

- a. *That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;*
- b. *That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);*
- c. *That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;*
- d. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- e. *Promoting efficiency in the implementation and administration of the system charging methodology.*

**Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions - CMP288								
1	Do you believe that the Original Proposal better facilitates the Applicable Objectives?	Mark the Objectives which you believe the Original solution better facilitates:						
		<table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A</td> <td><input type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input type="checkbox"/>D</td> <td><input type="checkbox"/>E</td> </tr> </table>	Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E
		Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E	
		<p>It is unclear what the purpose of further detail in drafting of this section will bring or how it would better facilitate the Applicable Objectives. As stated in the consultation, Section 14.4 of the CUSC provides for recovery of one-off charges resulting from a User request, be that to defer or expedite a backfeed/Completion Date.</p>						
<p>However, by seeking to introduce the concept of early backfeed to User-requested delays risks the User losing control of its construction and commissioning programme. This could result in a User incurring unreasonable one-off costs against if its commissioning requirements do not align with a TOs view of what constitutes a suitable commissioning period.</p> <p>The increasing complexity and range of technology solutions for User connections, especially for offshore wind connections, dictate longer and more</p>								

		commissioning periods. A TOs view of a suitable commissioning period may not take this increased complexity into account, resulting in Users with complex connections, such as OTSDUW comprising HVDC connections, would be at greater risk of being penalised for delay/backfeed charges than Users with more straightforward AC connections.
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Greater clarity on one-off charging can be better achieved by focusing on transparency and clear evidence of how TOs calculate such charges in their charging statements and how the costs are to be justified and controlled. This would provide clarity to the User on how the charges will be applied and comfort that any such charges are reasonable and clearly reflect the agree works. The Workgroup comparison of the various Charging Statements shows a lack of consistency on the detail and structure of how one-off charges would be calculated, with Users facing differing approaches to one off charging based purely on geographic location.</p>
3	Do you have any other comments?	<p>The introduction of the concept of a backfeed charge to 14.4.2 of the CUSC raised the prospect of TOs charging one-off costs where the User requests a commissioning period that is longer than that the TOs assessment of an efficient commissioning programme for the User works. It is unclear how the TO can be better placed than the User to accurately determine a suitable and sufficient commissioning programme for the User Works.</p> <p>Whether a User request triggers additional costs to the TO is often dependent on how the TO structures its baseline delivery approach and schedule. The User has no visibility of influence over this strategy but could be liable for disproportionate one-off charges resulting from TO delivery approach. Greater visibility on how TOs develop delivery strategy, especially for shared connections or delivery approaches, will ensure greater transparency on what potential liabilities Users will incur.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Click or tap here to enter text.</p>

Specific Workgroup Consultation questions – CMP288/289		
1	Are there other supporting commercial processes (either codified or not) which could impact successfully applying delay charges/backfeed charges which the Workgroup have not considered? Please explain how CMP288 may impact them.	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>It is critical that the TO is incentivised to minimise the cost impact of any User request. At present there does not seem to be any detail how such one-off costs are assessed to ensure they are reasonable and to what extent the TO has sought to ensure they are minimised. Without the opportunity to challenge costs, there is the possibility for the TO's contractor to pass through costs unrelated to the User request. Clauses requiring minimisation of impact/justification of costs are almost universally applied across of major infrastructure construction contracts within the industry and should also form a part of determining appropriate one-off costs resulting from User requests.</p> <p>Additionally, greater TO/User communication flows around key information/data such as engineering and procurement activities shared across multiple User connections, mobilisation dates and "cost to change" implications will ensure enhanced visibility of all parties. This will better inform User decision making on requests for changes and be a better tool for minimising delay costs.</p>
2	Do you have any comments in respect of the options set out for Shared Works?	<p>Users risk being liable for disproportionate one-off costs resulting from TO delivery strategies to which they have little to no sight or influence. Providing visibility and challenge to how these delivery strategies are defined would provide greater transparency on to what extent Users are leveraged against combined/early form part of the TO efficient baseline delivery.</p> <p>For example, for three User connections over three years at a shared connection site, the TO may choose to align all engineering costs and initial construction/enabling works for the two later projects to the delivery programme of the first comer project. If the third User requests a delay to Completion Date after the start of engineering and construction works, but before such time as those works would have been done if the User was not at a shared site, the third User could incur one-off costs that have arisen due to a delivery strategy to which the User has no visibility or influence.</p>

		<p>Similarly, if the first User project requests a delay to completion date, that User may be liable for one-off costs that cover scope beyond that of its individual connection due to the TO strategy of bundling works to align with the first User schedule.</p> <p>Unless calculation of one-off costs is proportionate to the size of generator and impact of delay, the measures risk disproportionately impacting generators with shared connection infrastructure. This situation risks creating perverse incentives for Users to minimise exposure to one-off costs through gaming of the connection and charging processes.</p>
3	<p>Do you think the CMP289 modification is required? If so, please provide your justification.</p> <p><i>If you think CMP289 is required, please continue to answer the CMP289 Workgroup consultation questions.</i></p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>

Standard Workgroup Consultation questions – CMP289

1	Do you believe that the Original Proposal and WACM1/WAGCM1 better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe the Original solution better facilitates:</p> <p>Original <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E</p> <p>Click or tap here to enter text.</p>
2	Do you support the proposed implementation approach?	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>
3	Do you have any other comments?	Click or tap here to enter text.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>

