

CMP376 Workgroup 4

6 September 2022

Online Meeting via Teams

WELCOME



nationalgridESO



Modification Process

Paul Mullen - National Grid ESO Code Administrator

Code Modification Process Overview



Talk to us

Forums



Raise a
mod

Panels



Refine
solution

Workgroups
(Workgroup Consultations)



Consult

Ofgem/Panel



Decision



Implement



Refine solution

Workgroups



- If the proposed solution requires further input from industry in order to develop the solution, a Workgroup will be set up.
- The Workgroup will:
 - further refine the solution, in their discussions and by holding a **Workgroup Consultation**
 - Consider other solutions, and may raise **Alternative Modifications** to be considered alongside the Original Modification
 - Have a **Workgroup Vote** so views of the Workgroup members can be expressed in the Workgroup Report which is presented to Panel



Consult

Code Administrator Consultation

- The Code Administrator runs a consultation on the **final solution(s)**, to gather final views from industry before a decision is made on the modification.
- After this, the modification report is voted on by Panel who also give their views on the solution.





Decision



- Dependent on the Governance Route that was decided by Panel when the modification was raised
- **Standard Governance:** Ofgem makes the decision on whether or not the modification is implemented
- **Self-Governance:** Panel makes the decision on whether or not the modification is implemented
 - an appeals window is opened for 15 days following the Final Self Governance Modification Report being published



Implement

- The Code Administrator implements the final change which was decided by the Panel / Ofgem on the agreed date.





Objectives and Timeline

Paul Mullen - National Grid ESO Code Administrator

Timeline for CMP376 V4 as at 28 February 2022

Milestone	Date	Milestone	Date
Workgroup Nominations (15 working days)	Closed	Panel sign off that Workgroup Report has met its Terms of Reference	16 December 2022
Workgroups 1 – 3	28 October 2021, 13 December 2021 and 28 January 2022	Code Administrator Consultation (20 Working Days)	16 December 2022 to 5pm on 18 January 2023
Workgroup 4 - Understand revised proposal and solution, note the scope, cross code interactions, and identify any possible alternative solutions, agree next steps	6 September 2022	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	19 January 2023
Workgroups 5 and 6 - Review solution(s) including potential alternatives, Legal Text, understand STC changes, finalise Workgroup consultation (including agreeing Workgroup Consultation questions)	27 September 2022 and 12 October 2022	Panel undertake DFMR recommendation vote	27 January 2023
Workgroup Consultation (15 Working Days)	19 October 2022 to 5pm on 9 November 2022	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	27 January 2023
Workgroup 7 - Assess Workgroup Consultation Responses, further review of Original and alternatives (including legal text) and carry out Alternative Vote	17 November 2022	Final Modification Report issued to Ofgem	7 February 2023
Workgroup 8 - Finalise solution(s) and legal text, agree that Terms of Reference have been met, Review Workgroup Report and hold Workgroup Vote	1 December 2022	Ofgem decision	TBC
Workgroup report issued to Panel (5 working days)	8 December 2022	Implementation Date	10 working days after Authority Decision

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Workgroup Responsibilities

Paul Mullen - National Grid ESO Code Administrator

Expectations of a Workgroup Member

Contribute to the discussion

Be respectful of each other's opinions

Language and Conduct to be consistent with the values of equality and diversity

Do not share commercially sensitive information

Be prepared - Review Papers and Reports ahead of meetings

Complete actions in a timely manner

Keep to agreed scope

Your Roles

Help refine/develop the solution(s)

Bring forward alternatives as early as possible

Vote on whether or not to proceed with requests for Alternatives

Vote on whether the solution(s) better facilitate the Code Objectives

Workgroup Alternatives and Workgroup Vote

Paul Mullen - National Grid ESO Code Administrator

Can I vote? and What is the Alternative Vote?

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

Stage 1 – Alternative Vote

- Vote on whether Workgroup Alternative Requests should 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 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.**

Can I vote? and What is the Workgroup Vote?

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

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 of Reference – Introduction

Paul Mullen - National Grid ESO Code Administrator

CMP376– Terms of Reference

Workgroup Term of Reference

- a) Consider EBR implications
- b) Consider how the ESO communicates its acceptance (or not) of the evidence of milestone completion provided by the User
- c) Consider what would happen if the ESO and Transmission Owner do not agree in terms of the evidence provided.
- d) Consider interaction with other provisions in the CUSC, Construction Agreements and Connection Agreements that deal with project delays and termination of agreements (e.g. Quarterly Updates)
- e) Consider whether a delay beyond tolerance means that the Construction Agreement is terminated or is there still provision to delay connection date. Consider previous work on CAP150 in this regard
- f) Consider requirement to ensure Construction Agreement Milestones (Appendix J) responsibilities are clearly defined specifically with respect to consents and land rights
- g) Consider what, if any, steps can be taken to prioritise allocation of freed capacity to projects needed to comply with the Electricity System Restoration Standard
- h) Consider requirement for contractual link between Transmission and Distribution agreements for same connections where a decision to terminate triggered from one agreement affects the other (including consideration of associated termination/cancellation costs)
- i) Consider the process for how User Commitment will change for those Users, who are allowed to advance their connection date
- j) Consider what should be codified in the CUSC and what should be incorporated into the ENA guidance document

Proposer's Solution:

Laura Henry / Rein de Loor / Paul Mott – ESO

History of 'Queue Management' (QM) policy development

Electricity distribution and transmission companies collaborated in developing the policy

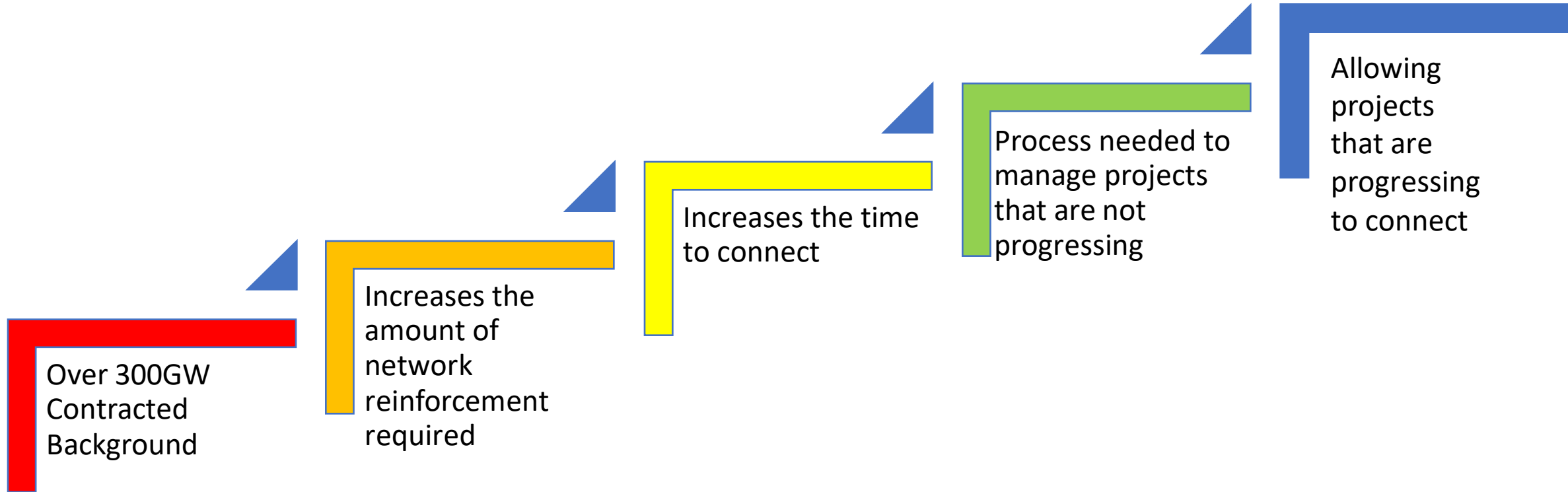
Ensuring, network capacity allocated to developers is fully utilised, particularly with the transition to net zero in mind

Network investment to facilitate User connections remains economic and efficient, minimising the impact of connections investment on end consumer bills

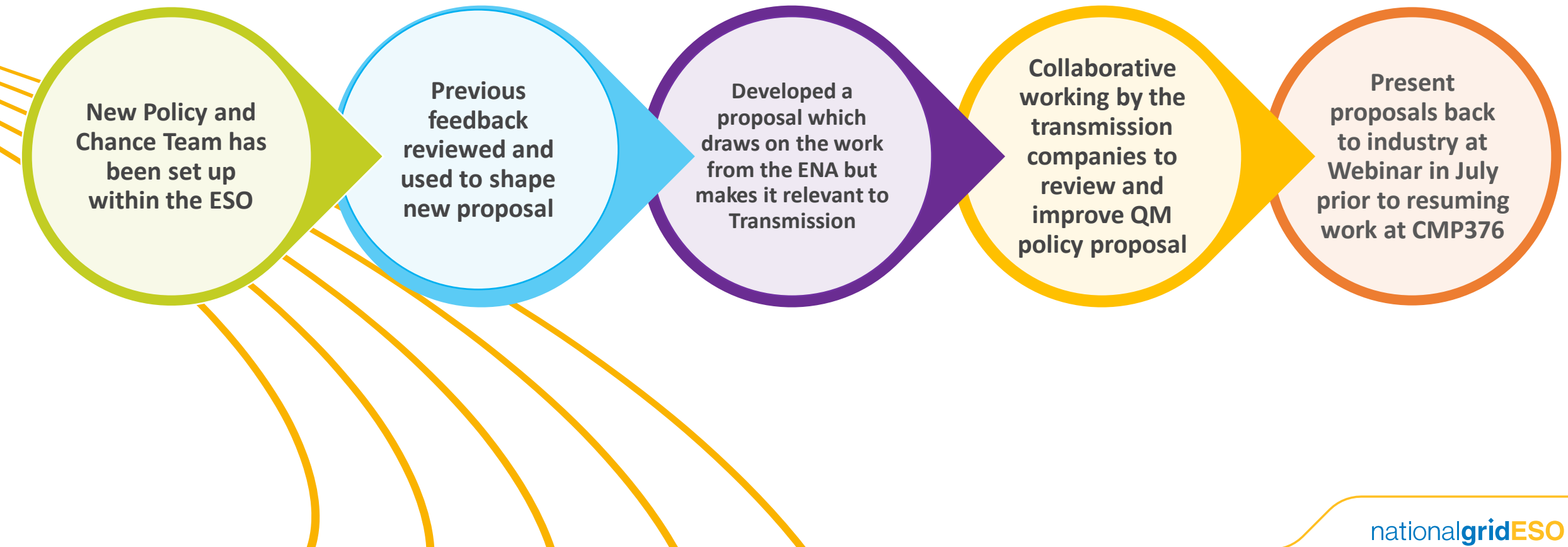
Strong commercial drivers are set so that developers keep their projects on track (in support of the two objectives above)

- A proposal to better manage connection queues was therefore developed and consulted on with industry in 2019 and 2020.
- Distribution network owners (DNOs) then implemented this QM approach in July 2021. The ESO determined that elements of CUSC would need to be modified to enable implementation at transmission. CMP376 was therefore raised to do this in Q3 2021.

- Why is Queue Management needed?



Queue Management (QM) – Progress to date



Response to feedback – Changes taken forward

“Tolerance periods and cumulative delay proposals are confusing”



Tolerance periods have been removed with adjustments made to milestone durations. This also removes the need for a cumulative delay process

“Milestones do not cater for seasonality or challenges obtaining planning”



Timescales have been amended to reflect a number of factors, including the longer lead times and seasonality in relation to planning consents.

“Referencing milestones against Offer date makes it difficult for us to sequence our development activities”



The timescales now run backwards from Connection Date

“The use of connection voltages to tier milestone compliance durations is arbitrary”



We are proposing to tier milestone durations based on the lead time for project connection. This removes any risk of undue discrimination by technology or connection voltage.

Response to feedback – Changes not taken forward

“The evidence to demonstrate compliance needs to be clear/consistent in each TO region”



The proposed evidence for each milestone has been reviewed and remains sufficient in our view. Further evolution may occur in the workgroup though.

“The appeals process will need to be extended to cater for QM”



We are happy with the current appeals process as defined in agreements and the current CUSC disputes process. We will work with industry to remove any subjectivity in the QM policy, limiting the need for appeals/disputes.

“We don’t believe you need a Project Construction milestone”



Until User construction works commence substantially, there are still risks to TO investment (e.g. Users develop projects to then sell). This milestone will therefore be retained.



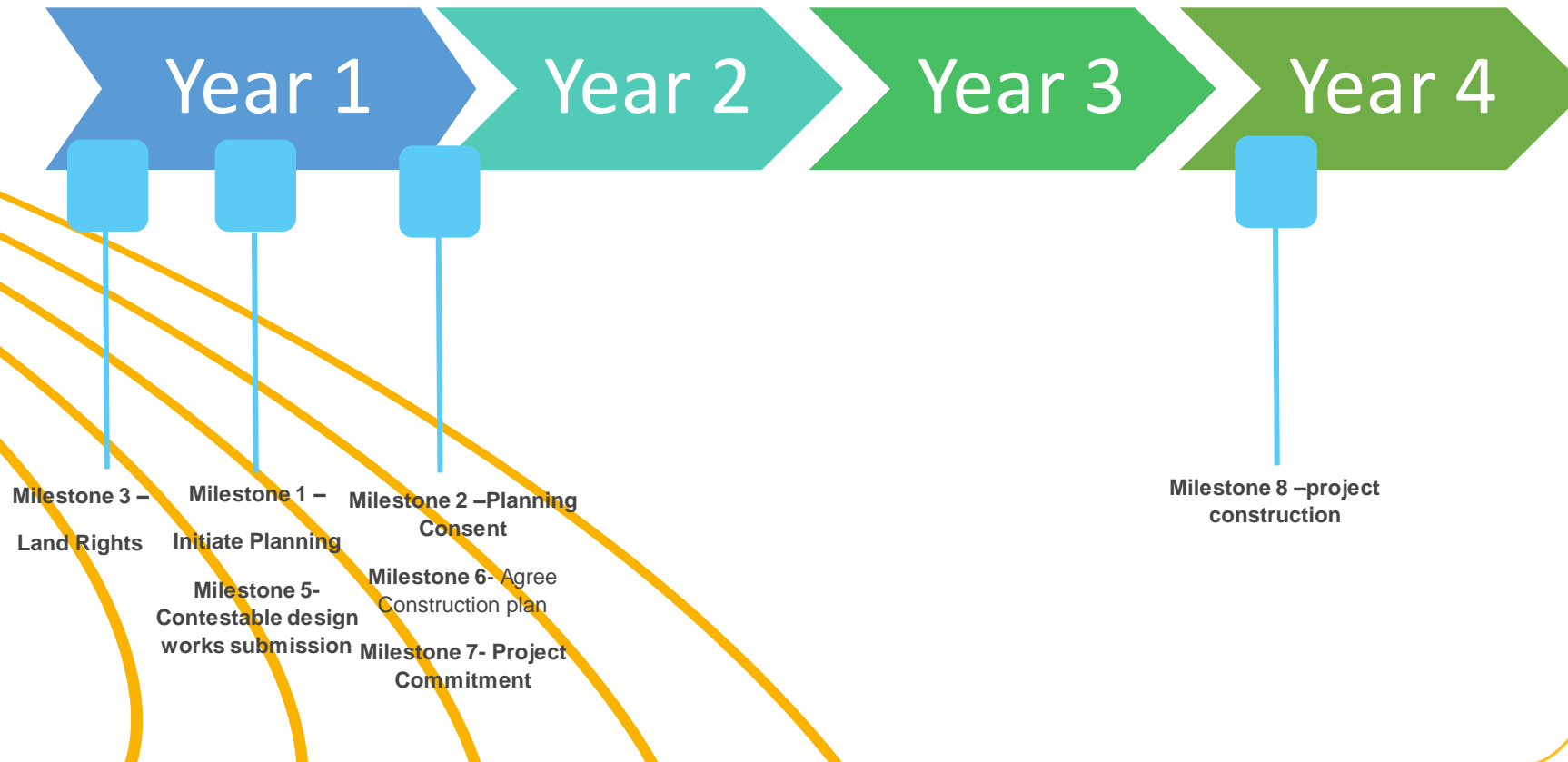
New proposal

Updated Transmission Milestones Proposal

Retained Distribution Milestone Names for consistency	1 year from requested Completion date	2 years from requested Completion date	3 years from requested Completion date	4 years from requested Completion date	5 years and above from requested Completion date (including EIA, DCO)
Milestones:	All durations referenced from contracted Completion Date				
M1 - Initiate planning consent	Bilaterally negotiated	18 months	27 months	36 months	48 months
M2 - Secure Consent		12 months	27 months	33 months	36 months
M3 - Land Rights		21 months	30 months	39 months	48 months
M4	N/A for transmission (referenced to provide consistency to distribution)				
M5 - Contestable Design Works Submission	Bilaterally negotiated	18 Months	27 months	36 months	48 months
M6 - Agree Construction Plan		12 Months	21 months	33 months	36 Months
M7- Project Commitment		12 Months	27 months	33 months	36 Months
M8- Project Construction		6 months	9 Months	12 months	18 months

Indicative milestone example

- A few of the questions submitted at the webinar were in relation to the new timescales, to avoid any confusion with the new timescales working backwards please see below an indicative timescale for a four year project using the new proposed timescales



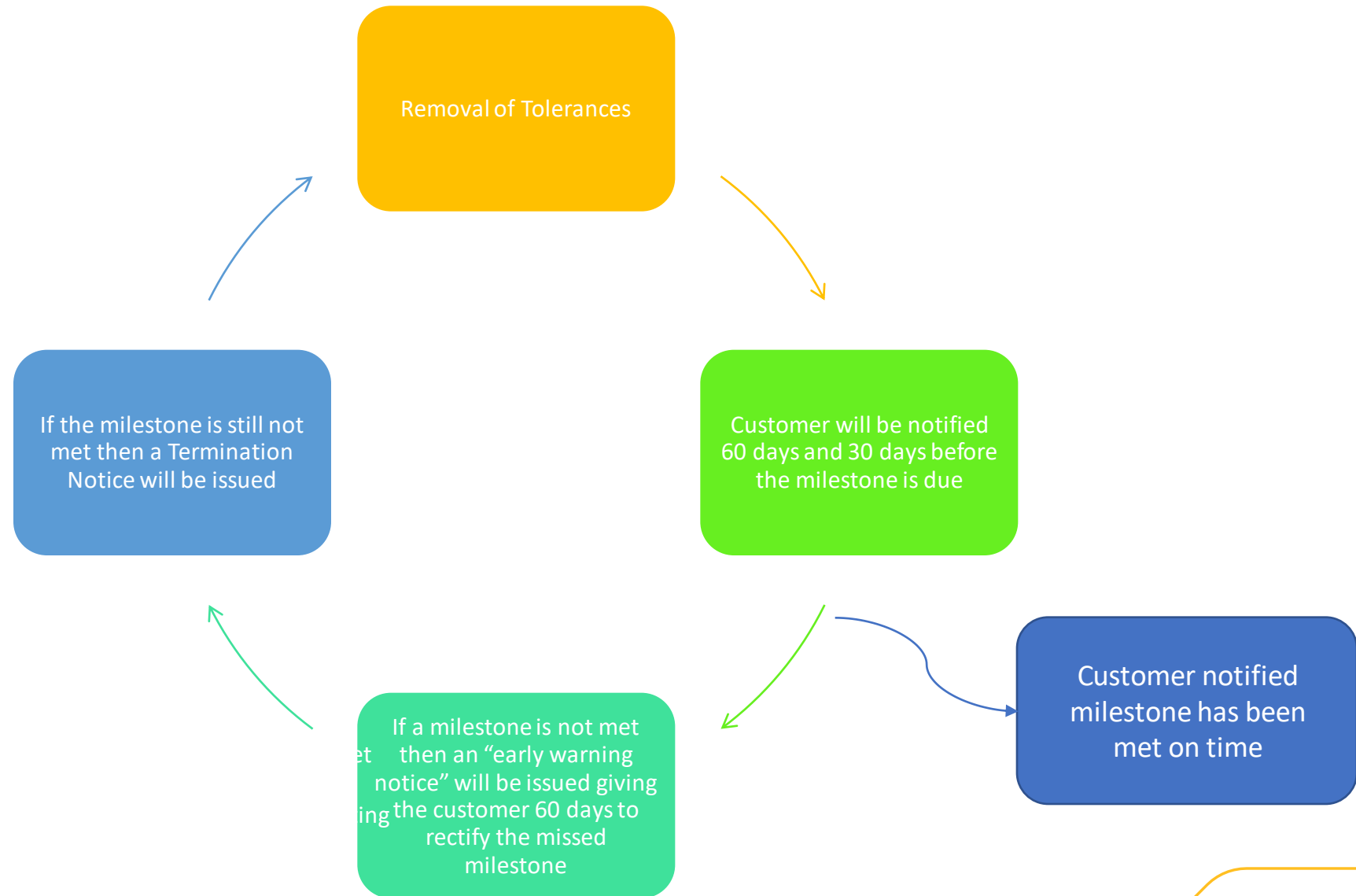
Milestone Definition

Milestone	Description
M1 = Initiate Planning Consent	The customer must begin the process of seeking statutory consents, including Planning Permission for the project within the timescales and be able to provide the required evidence.
M2 = Secure Consent	The customer must have secured statutory consents, including Planning Permission for the project within the timescales and be able to provide the required evidence.
M3 = Land Rights	The customer must have secured the required Land Rights to enable the construction of the project. The customer may be the owner/occupier of the land or has the necessary agreement from the owner/occupier.
M4= N/A for Transmission	
M5 = Contestable Design Works Submission	This milestone will apply where a customer has gone down the contestable route for connection, they will be required to provide evidence that their independent connection provider (ICP) has submitted a design for contestable works.
M6= Agree Construction Plan	The customer must agree the Construction Plan with the network operator which demonstrates how they will achieve the agreed connection date. This milestone is measured from planning permission being granted and demonstrates that the customer is ready to proceed with the project.
M7= Project Commitment-	This milestone demonstrates that the project has the necessary commitment/backing which is for it to proceed. This milestone follows the same timescales as M2 and M6, this ensures that linked activities continue to progress and to allow time for the customer to obtain Financial Close.
M8= Project Construction	Project construction is the project phase from when a customer begins the site works to carry out construction of its project until completion of the construction works in line with the Construction Plan (as agreed at milestone M6). Milestone M8 will be measured against an agreed construction start date taken from the Construction Plan and any other interim construction milestones.

Evidence

Milestone	Evidence
1) Initiated Statutory Consents and Planning Permission	Submission of planning application to the correct Local Authority
2) Secured Statutory Consents and Planning Permission	<p>The planning decision notice confirms planning permission has been granted and that this permission allows the User to meet the terms included in the Construction Agreement.</p> <p>Note: The Company shall check progress the User has made against the relevant planning portal for a decision notice.</p>
3) Secure Land Rights	<p>The User shall provide documentation to demonstrate that:</p> <p>(i) The User is an owner or tenant of the land on which the proposed site is or will be situated; or</p> <p>(ii) The User has entered into an agreement to lease the land from the owner of the land on which the proposed site is or will be situated; or</p> <p>(iii) The User has an option to purchase or to lease the land from the owner of the land on which the proposed site is or will be situated; or</p> <p>(iv) The User has entered into an exclusivity agreement in relation to the land with the owner of the land on which the proposed site is or will be situated.</p>
4) N/A for transmission (referenced to provide consistency to distribution)	
5) Contestable Design Works Submission	This milestone will apply where a customer has gone down the contestable route for connection, they will be required to provide evidence that their independent connection provider has submitted a design for contestable works to the TO
6) Provision and Agreement of User's Construction Programme (Construction Plan)	<p>The User's programme of works (and/or Independent Connection Provider programme of works) shall demonstrate how the User will be ready for the Commissioning Programme and Completion Date.</p> <p>This must include a fixed start and completion date for Project Construction (Milestone 8).</p>
7) Project Commitment	<p>One of the following:</p> <ul style="list-style-type: none">• Binding contract for main plant equipment; or• Capital contribution payments made to The Company in advance of connection; or• Board paper Evidencing Final Investment Decision (FID); or• Subsidy award.
8) Project Construction	Clear progress as per Milestone 6 agreed with The Company and Relevant Transmission Licensee

Effective Management of the Queue-



Submitting evidence for a milestone



Scope and Implementation

- The new proposal will apply to all new applications and any modification applications submitted after the implementation date
- This proposal relates to any Agreements which holds TEC will apply, it does not apply to customers that are connected to a Distribution Network Operator.
- Implementation will be 10 working days from Ofgem's Decision
- Hoping for this code modification to come into effect by April 2023

Queue Management and Offshore Co-ordination

CMP 376 will apply to all generators, including the radial and co-ordinated projects within the HND.

For those in the co-ordinated design, offshore works carried out for them (e.g. for G2) by another party (e.g. by G1) will be treated in a similar way to that of onshore TO's for onshore generators.

Industry Workshop to be held on 31/08/2022 to discuss further and to gauge sentiment.

- Radial connections will not have any additional considerations beyond the initial CMP376 proposals.

- If G2 is *directly* delayed as a result of G1 carrying out OTSDUW works for the benefit of both parties, G2 will have the same rights / milestone exemptions as if an onshore TO had delayed an onshore generator.
- If G1 is *directly* delayed in carryout works for its own benefit only as a result of the OTSDUW works it is carrying out for G1 and G2, G1 will have similar exemptions on its own works programme.
- However, this needs to be considered further to put in necessary safeguards against undue delay.

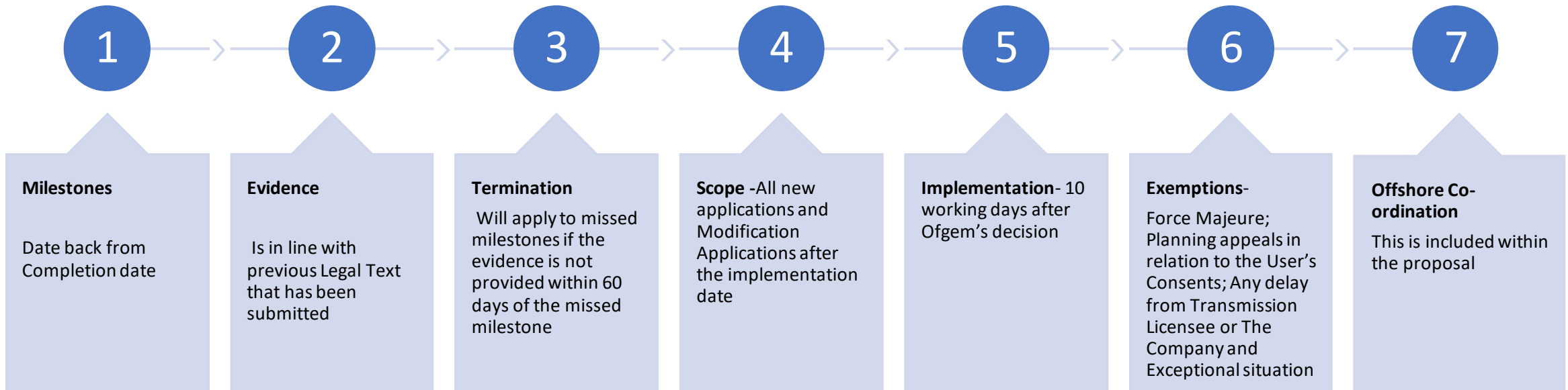
Feedback from this session will be fed into the proposal

Exemptions

- Force Majeure;
- Planning appeals and third party challenges in relation to the User's Consents;
- Any delay which is caused by Relevant Transmission Licensee or The Company;
- Exceptional situation

All of the above will be assessed on a case by case basis. It is the Users responsibility to inform The Company of any delay before the Milestone is due so that an assessment can be made.

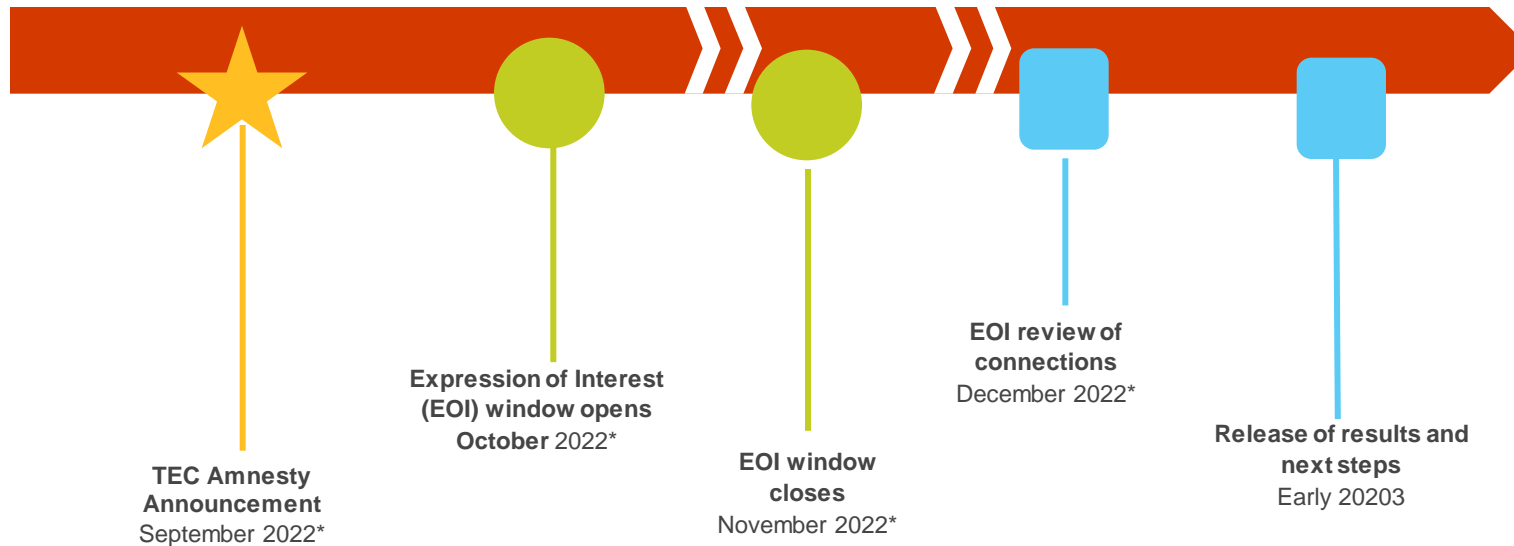
Summary of Proposal



Wider Considerations- Transmission Entry Capacity (TEC) Amnesty

Later this year the ESO, in coordination with Onshore TOs, will be launching a programme to reduce congestion within the transmission capacity queue. In addition to wider strategic benefits, it is anticipated that a successful TEC amnesty will reduce the impact of implementing the Queue Management proposals.

TEC Amnesty is a process run by the ESO whereby we invite all parties with connection agreements listed on the TEC register (i.e. generation developers) to confirm whether they would be willing to terminate their agreement at minimal or no cost or reduce their TEC.



*Dates for reference only

Terms of Reference – Review

Paul Mullen - National Grid ESO Code Administrator

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**Any Terms of Reference to be removed/added
in light of new Original solution?**

Cross Code Impacts?

All

Next Steps

Paul Mullen - National Grid ESO Code Administrator