

CUSC Alternative Form

CMP376 Alternative WACM4: M3 Land Rights variation and apply to all signed construction agreements (where the Completion Date is more than two years away)

Overview: An adjustment to the proposer's milestone duration and referencing for M3 Land Rights for CMP376 and apply the Queue Management Process and milestones to all signed construction agreements (where the Completion Date is more than two years away on the implementation date), as well, as per the original solution, to any new applications and Modification Applications submitted to the ESO after the implementation date.

Proposer: Richard Woodward - NGET

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What is the proposed alternative solution?

As per the proposer's original solution (including for implementation), except that the M3 Land Rights milestone compliance duration is referenced from Offer Acceptance date rather than Completion Date and has an adjusted duration:

	1 year from requested Completion Date	2 Years...	3 Years...	4 Years...	5 years and above...
M3 – Land Rights					
Projects developed within a single landowner area	Bilaterally negotiated [as per proposer's original]	3 months from Offer acceptance date			
Projects developed within two or more landowner areas		6 months from Offer acceptance date			

Also apply the Queue Management Process and milestones to all signed construction agreements (where the Completion Date is more than two years away on the implementation date), as well, as per the original solution, to any new applications and Modification Applications submitted to the ESO after the implementation date

What is the difference between this and the Original Proposal?

The proposer's solution leads to developer compliance to M3 much later in the User's project development lifecycle than we believe is appropriate. This perspective has been endorsed by other industry stakeholders too.

The consequence is that project viability isn't adequately established in alignment with the TO's own project investment decisions. This risks inefficient or uneconomic costs, which could end up burdening end consumers and/or the User themselves.

We are also aware that in certain areas of our network that existing baseline arrangements lead to contracted project volumes exceeding the physical land available to connect them. We believe this alternative proposal alleviates that issue, primarily for the benefit of projects which may have legitimate land rights but are currently unable to proceed due to a stalling first comer with an earlier Completion Date.

Also apply the Queue Management Process and milestones to all signed construction agreements (where the Completion Date is more than two years away on the implementation date), as well, as per the original solution, to any new applications and Modification Applications submitted to the ESO after the implementation date

What is the impact of this change?

In our view, this WACM significantly increases the viability of connection projects at an earlier stage compared to the original/baseline:

- The opportunity for speculative applications is reduced.
- Onshore TOs have greater reassurance to plan and optimise their network investment*

It provides consistency to other User application processes for electricity market arrangements (e.g. Capacity Market, Contracts for Difference, Electricity Market Reform).

It reflects developer feedback/frustration we've received from England & Wales customers:

- Under the baseline, transmission developers are permitted to apply for connections in hopeful anticipation – not certainty - of securing the land they need. As a consequence, in some areas of NGET's network contracted volumes of generation projects now exceed the amount of land physically available to develop them all.
- This leads to adjacent or overlapping projects competing with one another to secure the necessary land access they need - with queue position being irrelevant.
- From a developer perspective, this situation prevents viable projects further back in the queue from proceeding.

*It provides stronger guarantees for TO investment at an earlier stage - reducing costs for end consumers, Users and TOs alike:

- It reduces the risk of us inaccurately forecasting our network investment due to having to taking a short-term view of who is at the front of the queue - regardless of their longer-term viability.
- It better facilitates bulk procurement and delivery of assets.
- It better supports longer-term network planning better enabling optimisation.
- It ensures more certainty of User's longer-term requirements.

Proposer's Assessment against CUSC Non-Charging Objectives	
Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	Positive – ensures that connections arrangements are facilitated more efficiently and economically than the baseline and the proposer's original.
(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;	Positive: Ensures earlier viability of developer projects, leading to greater certainty of future connections and less risk of capacity hoarding.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	None
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	None
*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market	

for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

When will this change take place?

Implementation date:

As per Original

Implementation approach:

As per WACM7

Acronyms, key terms and reference material

Acronym / key term	Meaning
NGET	National Grid Electricity Transmission
TO	Transmission Owner
WACM	Workgroup Alternative CUSC Modification

Reference material:

None