

Workgroup Consultation Response Proforma**CMP376: Inclusion of Queue Management process within the CUSC**

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 **23 December 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 paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
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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.*

*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..

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

Standard Workgroup Consultation questions		
1	Do you believe that the Original Proposal or any of the potential alternative solutions better facilitates the Applicable Objectives?	<p>Mark the Objectives which you believe each solution better facilitates:</p> <p>Original <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D</p> <p>Alternative solutions set out in consultation largely address issues better.</p>
2	Do you support the proposed implementation approach?	<p><input checked="" 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Clarity on the links between the distribution queue and transmission queue are absolutely essential for this to adequately resolve the issues under consideration, namely capacity banking.</p>

Specific Workgroup Consultation questions		
1	Do you agree with the Milestone durations proposed? Please provide the rationale for your response.	Largely, yes. The timescale between initiating Planning Consent (M1) and securing Consent (M2) could be considered too short for those projects with 2-4 years from contracted completion date. It may be more appropriate to have at least 9 months rather than 6 months, by shortening the window for initiation of Planning Consent (M1).
2	Do you agree that the time period for the milestone durations should be from the contracted Completion Date back to the date the Offer is sent to the User; or from the Contracted Completion Date back to the date the Offer is accepted by the User; or from the Contracted Completion Date back to the date the Offer becomes effective; or do you have an	The timescale should be from the Contracted Completion Date back to the date the Offer is accepted by the User. This is the fixed date when the User is confirming their decision to progress with the application.

	alternative approach? Please provide the rationale for your response.	
3	There are differences between the arrangements at Transmission and Distribution. Do you agree with the reasons provided why there is different treatment and that these don't create undue discrimination? Please provide the rationale for your response.	While it is appreciated that there may be differences between distribution and transmission, these should be reduced as far as possible. Given that almost all projects between 20MW and 100MW will have to go through Project Progression (where M4 is relevant for distribution), and that distribution offers over 100MW require a BEGA, the link between the distribution and transmission milestone rules needs to be extremely clear and intrinsically aligned to ensure that offers are not prejudiced. There is currently no clear guidance to developers on the treatment of BEGA applications vs Project Progression. The milestone timescale and process that are suggested in this consultation are far more practical than those currently being utilised at distribution, namely the planning dates. The back dating from completion for planning is practical as it means that projects with drawn out connection dates will not have planning expiry (which is 3 years from grant) simply to provide evidence of consent within 24 months of the distribution offer acceptance.
4	Do you agree with the evidence requirements proposed? Please provide the rationale for your response.	No, we don't think one of evidence requirements for M7 is strong enough to evidence actual progression of the project. Given the timescale that Users will be allowed to achieve M7, and the link to M8, it would make sense to remove the "decision paper from a formal, minuted meeting of the User's board of directors evidencing Final Investment Decision (FID)" in place of the actual firm financial commitments suggested as evidence. It is an internal document generated by User and not necessarily to be legal binding or enforceable, leading to subjectivity that this consultation is attempting to remove. We agree with the other three evidence suggestions in M7.
5	Do you agree that works specifically for a User, whose Construction Agreement has been terminated under CMP376, should be suspended until the outcome of the Appeal/Dispute. Please provide the rationale for your response.	Yes, subject to strict and clear timescales. If good notice of the intent to terminate is provided, and the User has not supplied supplementary evidence to support their progression within say 28 working days, then it would be fair to move them down the queue without waiting for Appeal/Dispute. Alternatively, there could be a short fixed window for Appeal/Dispute in which the queue position is maintained, say 28 working days, and if it is not resolved, the queue position is given up but the contract is not terminated for another 28 working days. The process will need to be clearly defined to allow for case by case review. For example, if planning Consent

		has not been awarded in the correct time, but this is entirely out of the User's hands and is being unduly delayed by the Local Authority, this should not be reason to lose position in the queue if M1 milestone was met.
6	Do you have any views on the most appropriate route for Appeals/Disputes raised by a User whose Construction Agreement has been terminated under CMP376? Please provide the rationale for your response.	As above, it may work best if Appeals/Disputes are given an initial period to provide evidence and discuss the progress of the project prior to losing position in the queue. This should not be more than 3 months. If the User is able to provide sufficient proof of progress or able to complete an additional milestone (i.e. M5 while M3 is outstanding due to uncontrollable circumstances), this should be allowable. This could be reviewed and discussed without the assistance of Ofgem. If after this time, the User wishes to continue with the Appeal/Dispute but have not been able to provide sufficient evidence or further milestone completion, they are not terminated but lose their position in the queue, and have an additional period, no longer than 3 months, before their connection is formally terminated. This further 3 month option should be referred to Ofgem for ruling. This would remove those intentionally stalling projects without unfairly discriminating on those projects with slow moving items outside of their control.
7	Do you agree with the circumstances when Milestone Dates will be changed – the “exceptions”? Please provide the rationale for your response.	Yes, we agree with the exceptions Proposer proposed in the document.
8	Do you agree that the associated Construction Agreement will be terminated if Milestone Dates (unless covered by the exceptions) are missed and not rectified within the 60-calendar day period? Please provide the rationale for your response.	No, as above, there should be a step between queue position being held (the 60-day period) and full termination in which the User moves down in the queue position but has an additional timescale for providing evidence of progression prior to formal termination.
9	Do you agree with the proposed impacts on Milestones for different types of Modification Applications? Please	Largely yes, however if the completion date is moved due to User, it may be more suitable to also adjust milestone dates that have not yet been reached (e.g. Planning Consent may expire if same date is held).

	provide the rationale for your response.	
10	Does the CMP376 Original proposal or any of the potential alternative solutions impact your business and/or end consumers. If so, how?	<p>We would hope the implementation of CMP376 would enable productive project management for all the connection and prevent the speculative development/capacity banking. With properly designed queue management, developers like us would hopefully be able to utilise the network capacity allocated to us as quickly as possible.</p> <p>Thought should go into the repercussions on those Users that will move up the queue if Users ahead are terminated. This may lead to reinforcement or milestone timescale impacts that had not previously been foreseen or planned for, so would need to be carefully considered with the User moving ahead.</p> <p>Equally, the need for connection between the transmission suggestions and guidance for distribution has never been more paramount. The impact of Project Progression and the “triggering party” reinforcement issue will become far more prominent if transmission headroom is released by terminations. Current communication between TO/DNOs is insufficient, leading to discrimination and unfair practice across the network due to differing interpretations of guidance.</p> <p>Lastly, with regards to implementation, it must be applied retrospectively to existing offers to avoid discrimination and achieve the intended benefits to the network. With this consultation, in order to remove those offers that are causing the congestion due to slow or no progress and “capacity banking”, the milestones must be applied to all applications that exist on the network. Given the amnesty period where termination can occur without incurring the cancellation charges, retrospective application of the milestones to existing Users would not be discriminatory if given due warning and the timescales were aligned to the completion date.</p>