ESO

Draft Final Modification Report

CMP428: User Commitment liabilities for Onshore Transmission (reinforcement) in the Holistic Network Design

Overview: The Authority has designated certain circuits within the Holistic Network Design (HND) to be onshore transmission (reinforcement). This modification aims to define the User Commitment liabilities for Generators connected via onshore transmission (reinforcement) within the HND. This is to ensure that the purpose and function of circuits classified as onshore transmission (reinforcement) are considered when determining which Users are responsible for the associated liabilities.

Modification process & timetable

1. **Proposal Form**
   11 January 2024
2. **Workgroup Consultation**
   14 March 2024 - 21 March 2024
3. **Workgroup Report**
   09 April 2024
4. **Code Administrator Consultation**
   15 April 2024 - 18 April 2024
5. **Draft Final Modification Report**
   23 April 2024
6. **Final Modification Report**
   26 April 2024
7. **Implementation**
   14 June 2024

Have 5 minutes? Read our Executive summary

Have 45 minutes? Read the full Draft Final Modification Report

Have 120 minutes? Read the full Draft Final Modification Report and Annexes.

Status summary: The Draft Final Modification Report has been prepared for the recommendation vote at Panel.

Panel recommendation: The Panel will meet on 26 April 2024 to carry out their recommendation vote.

This modification is expected to have a: Medium impact on National Grid ESO and Offshore Generators.

Governance route	Urgent modification proceeding under a timetable agreed by the Authority.	
Who can I talk to about the change?	**Proposer:** Nitin Prajapati Nitin.Prajapati@nationalgrideso.com 07790970158	**Code Administrator Chair**: Claire Goult / Lizzie Timmins Claire.Goult@nationalgrideso.com Elizabeth.timmins@nationalgrideso.com 07902312226 / 07840708429

ESO

Contents

Executive summary

Certain planned subsea circuits within the Pathway to 2030 (Holistic Network Design) which deliver wider system benefit have been designated by the Authority to be onshore transmission (reinforcement). The Proposer believes that applying the current definition of Attributable Works would lead to these circuits being classed as Attributable Works. This would result in Generators connected to an onshore node which is also connected to these onshore transmission (reinforcement) circuits being responsible for very significant User Commitment liabilities associated with these circuits.

This modification proposes that the assets in the HND or future iterations of the HND classified as onshore transmission (reinforcement) by the Authority will not be classified as Attributable Works and therefore not be included in the associated Attributable Works User Commitment liabilities. This will be achieved by amending the Attributable Works definition in CUSC Section 11 and the addition of a new definition for Excepted Works.

To note: there will be no immediate impact upon how the Wider Cancellation Charge is applied to affected Generators as this only comes into effect post Trigger Date; wider works liabilities and the application of the Wider Cancellation Charge in relation to the HND or iterations to the HND will be reviewed by the ESO outside of this modification.

What is the issue?

The current definition of Attributable Works would lead to significant and non-cost reflective User Commitment liabilities associated with onshore transmission (reinforcement) for certain Generators in the HND.

What is the solution and when will it come into effect?

Proposer's solution: The Proposer's solution is to amend the Attributable Works definition in CUSC Section 11 by creating an exception for circuits deemed by the Authority to be onshore transmission (reinforcement). This would ensure onshore transmission (reinforcement) in the HND is not classified as Attributable Works. A new definition has been created for Excepted Works.

Implementation date: 14 June 2024.

Workgroup conclusions: The Workgroup concluded unanimously that the Original better facilitates the Applicable Objectives than the Baseline.

Panel recommendation: The Panel will meet on 26 April 2024 to carry out their recommendation vote.

What is the impact if this change is made?

This modification will prevent circuits in the HND which have been classified as onshore transmission (reinforcement) from being classified as Attributable Works, ensuring that Generators do not have inappropriate financial User Commitment liabilities placed upon them. This proposal also future proofs the methodology to accommodate any circuits in future iterations of the HND which may also be designated to be onshore transmission (reinforcement) by any further Authority decisions on asset classification.

Interactions

This modification has interactions with CM094, CMP417 and CMP426. See section 'Interactions' below for more detail. A consequential STC modification will be required to ensure alignment of the definition of Attributable Works, as the STC defines how the Attributable Works are calculated by the Transmission Owners for inclusion in the calculation of User liabilities, and it is important the definitions align between the CUSC and STC.

What is the issue?

The Electricity System Operator (ESO) published the Holistic Network Design (HND) in July 2022 to develop a coordinated approach to offshore wind connections. The Authority subsequently published a decision on asset classification for the HND categorising the substantially subsea transmission assets into either onshore transmission, radial offshore transmission or non-radial offshore transmission. 'Onshore transmission' is deemed to deliver wider system benefit to the GB transmission system by transporting electricity generated from a congested region behind an onshore boundary, to other parts of the onshore system which have a net demand.

In different sections of the decision on asset classification, the following terms are used to describe this set of 'onshore transmission' assets: 'Onshore transmission', 'Onshore transmission (reinforcement)' and 'Onshore reinforcement'. In the context of this document, we are using the term 'onshore transmission (reinforcement)' to describe those assets classified as 'onshore transmission' in the Authority decision.

The current definition of Attributable Works is outlined in CUSC section 11 as follows:

> 'those components of the **Construction Works** which are required (a) to connect a **Power Station** or **Interconnector** which is to be connected at a **Connection Site** to the nearest suitable **MITS Node**; or (b) in respect of an **Embedded Power Station** from the relevant **Grid Supply Point** to the nearest suitable **MITS Node** (and in any case above where the **Construction Works** include a **Transmission** substation that once constructed will become the **MITS Node**, the **Attributable Works** will include such **Transmission** substation) and which in relation to a particular User are as specified in its **Construction Agreement**;'

Applying the current definition of Attributable Works to the HND would lead to certain high-cost onshore transmission (reinforcement) being classed as Attributable Works. This would result in Generators connected to an onshore node which is also connected to an onshore transmission (reinforcement) circuit in the HND being responsible for significant User Commitment liabilities associated with these circuits which deliver wider system benefit. This acts as a disincentive for these Generators to proceed with their projects and introduces a distortion as Generators will be affected differently, depending on where their projects are planned to connect to the transmission network.

Why change?

The asset classification decision confirms the purpose of onshore transmission (reinforcement) in the HND is to reinforce the onshore network and therefore deliver wider system benefit. So, applying the current definition of Attributable Works would lead to unjustifiable and significant User Commitment liabilities for certain developers in the HND.

It would not be cost reflective for these developers to secure works associated with onshore transmission (reinforcement) as they serve a broader purpose for wider Users. Therefore, it is important to review the current methodology to ensure the User Commitment liabilities are cost reflective to continue to incentivise investment where onshore transmission (reinforcement) is a feature of offshore network designs within the HND.

What is the solution?

Proposer's solution

This modification proposes that the User Commitment liabilities for onshore transmission (reinforcement) in the HND or future iterations of the HND will not be classified as Attributable Works. To facilitate this, the solution amends the Attributable Works definition in CUSC Section 11 by creating an exception for works deemed by the Authority to be onshore transmission, with the following legal text amends and additions as per the red text below.

Attributable Works

> those components of the **Construction Works** which are required (a) to connect a **Power Station** or **Interconnector** which is to be connected at a **Connection Site** to the nearest suitable **MITS Node**; or (b) in respect of an **Embedded Power Station** from the relevant **Grid Supply Point** to the nearest suitable **MITS Node**; (and in any case above where the **Construction Works** include a **Transmission** substation that once constructed will become the **MITS Node**, the **Attributable Works** will include such **Transmission** substation) but excluding in each case (a) and (b) any **[Excepted Works]**, and which in relation to a particular User are as specified in its **Construction Agreement**;

Excepted Works

> any **Construction Works** which have been designated as "onshore transmission (reinforcement)" by the **Authority** in its decision of 19 October 2022 titled 'Offshore Transmission Network Review: Decision on asset classification' included in **The Company's** 'Pathway to 2030 (Holistic Network Design)' report published in July 2022 or in any decisions by the **Authority** on the classification of assets included in **The Company's** 'Beyond 2030' report published in March 2024;

This would effectively ensure onshore transmission (reinforcement) assets in the HND or future iterations of the HND are not classified as Attributable Works.

Works, which are not Attributable Works will fall into the Transmission Owner's (TO) capital expenditure (CAPEX) forecast and therefore flow into the Wider Cancellation Charge. Wider works and the application of the Wider Cancellation Charge is considered outside the scope of CMP428, but it is not urgent because the Wider Cancellation liabilities will only be applied after each affected Generator's Trigger Date, which is not expected to be imminent.

Benefits of Solution

The purpose of onshore transmission (reinforcement) assets in the HND to provide wider system benefit will be reflected in the User Commitment methodology. All Generators which will connect via onshore transmission circuits in the HND circuits will be subject to cost-reflective and fair User Commitment liabilities, incentivising development of offshore generation.

The solution will ensure inappropriate cost recovery/liabilities are not placed upon specific Users.

CMP428 and CMP426 both address the treatment of onshore transmission (reinforcement) in the HND, and the proposed solutions for both are consistent in their approach.

The solution should also future proof the methodology for any HND circuits designated to be onshore transmission (reinforcement) by the Authority in future, avoiding a need for further CUSC modifications to add new asset-specific wording.

Finally, the approach is simple to implement.

Elements out of scope and further considerations

The following elements are outside the scope of this modification:

1. Consideration of wider works and application of the Wider Cancellation Charge.
2. Consideration of or comparisons to User Commitment liabilities associated with onshore transmission (reinforcement) that fall outside the HND or iterations of the HND.

A consequential STC modification will be raised to align the definition of Attributable Works to the CUSC to ensure consistency across the two codes.

Wider works and the application of the Wider Cancellation Charge in the context of the HND or iterations of the HND will be considered outside of this modification as there is no immediate impact upon how the Wider Cancellation Charge is applied to affected Generators.

Workgroup considerations

The Workgroup convened 7 times to discuss the perceived issue, detail the scope of the proposed defect, devise potential solutions, and assess the proposal in terms of the Applicable Code Objectives.

CMP428 was initially joined with the Workgroup for CMP426. Two Workgroups were held, following which, the Proposer requested that the remainder of the modification proceed under an Urgent timeline. At the CUSC Panel on 23 February 2024, the Panel recommended by majority that the remainder of the modification proceeds on an Urgent basis. Nominations were then opened for CMP428 to proceed to a Workgroup separate from CMP426. On 29 February 2024, the Authority published their Urgency Decision Letter (**Annex 3**), approving the Urgent timeline for CMP428.

Initial consideration of the Proposer's solution

The Workgroup discussed the draft legal text. One Workgroup member noted that 'Holistic Network Design' was not defined within the draft legal text. The Proposer agreed to address this and revised the legal text to include amends to the definitions of Attributable Works and Excepted Works, and new definitions for Holistic Network Design, Centralised Strategic Network Plan and Offshore Transmission Network Review. Based on feedback from the Workgroup and discussion with the ESO legal team, the definitions for Holistic Network Design and Offshore Transmission Network Review were later removed from the proposed legal text.

One Workgroup member queried whether the draft legal text was drafted to include only what is set out in asset classification or apply to any subsequent works classified in future

iterations of the HND. The Proposer clarified that it was for both what is set out in the asset classification decision document on 19 October 2022 but also further iterations of the HND as well.

There was some discussion regarding how to determine the Wider Cancellation Charge calculation for the affected offshore Generators, taking into account relevant onshore works plus those offshore works that have been classified as wider under CMP428, including whether a specific zone needs to be created for the offshore Generators.

The Workgroup noted that they felt that clarification on the Wider Cancellation Charge had not been addressed and requested clarity on how costs would be reflected in the Wider Cancellation Charge calculation. They also noted that a separate Wider Cancellation Charge may be required at the point where the offshore circuits meet onshore circuits.

As part of the Urgency request, the Proposer's solution was updated to remove consideration of wider works and the application of the Wider Cancellation Charge from the scope of the modification, as there is no immediate impact upon how the Wider Cancellation Charge is applied to affected Generators.

The Proposer noted an interaction with CM094 which aims to allow Transmission Owners (TO) to not pass through any costs for Users to secure against for any strategic transmission reinforcements where Ofgem have approved the needs case for these works.

Consideration of the Proposer's solution following the Urgency decision for CMP428

The Proposer detailed how the HND was published in July 2022 to facilitate a more coordinated approach to offshore wind connections. The Authority then published an asset classification decision, classifying HND assets as either onshore transmission, radial offshore transmission or non-radial offshore transmission.

The Proposer explained to Workgroup members that there had been significant discussions surrounding wider works and the application of the Wider Cancellation Charge from the initial two CMP428 Workgroups. The Proposer informed members that consideration was given to the timelines associated with urgency to achieve the implementation date whilst still addressing the defect and therefore the scope of the modification was clarified. Therefore, consideration of wider works and application of the Wider Cancellation Charge is now out of scope of the modification. This was agreed by the CUSC Panel in February 2024 and was removed from the Terms of Reference.

The current definition of Attributable Works in CUSC Section 11 was shown to Workgroup members. The Proposer outlined that without a methodology change, Generators connected to an onshore node which is also connected to onshore transmission (reinforcement) in the HND would be responsible for liabilities associated with circuits that deliver wider system benefit. This would not be cost reflective and therefore a methodology change is required.

A Workgroup member queried why the solution would not look at onshore transmission (reinforcement) on land (outside the HND) to create an overall methodology for all Users.

The Workgroup Member also raised their concern regarding removing Attributable Works related to onshore transmission (reinforcement) in the HND for offshore Generators rather than utilising the current User Commitment Methodology as every other customer does. The Proposer highlighted to the Workgroup Member that CMP428 is specifically looking to deal with assets currently within the HND, with discussions from Workgroup Members agreeing that reviewing the overall User Commitment Methodology is out of scope for this modification.

Workgroup members discussed the definition of Excepted Works and requested further clarification on its drafting. A Workgroup member explained that currently offshore transmission assets are not appropriately designated and should not accidentally include Attributable Works that are currently contained in onshore Generators' Construction Agreements. The Proposer reassured the Workgroup Member that the legal text was drafted with the intention to only include reinforcement works within the HND and the legal text was developed with the ESO legal team to ensure the wording reflects this.

A Workgroup member noted it would be interesting to see when the HND follow up exercise would be published by the ESO along with the classification of assets by the Authority, and suggested reviewing that document to see how it fits in with the proposed legal text definition. Following this discussion, the ESO published the Beyond 2030 report (HNDFUE) on 19 March 2024, which builds on top of the HND to make a set of network recommendations beyond 2030.

The Authority are expecting to publish their asset classification decision shortly now that the Beyond 2030 report has been published, however a firm date for this has not been confirmed. They have confirmed that the terminology for onshore transmission (reinforcement) will remain the same so should fit with the proposed legal text.

A Workgroup member queried the use of the word 'HND' within the definition in the proposed legal text. The Proposer explained it was included to make a distinction between HND1 being the current HND version with 'HNDFUE' being any future versions. It was then queried whether this could be a legal term within the text. This was consulted on as part of the Workgroup Consultation, however the Workgroup subsequently agreed that the definition was not required.

The Proposer summarised the benefits of the solution, advising that it will provide better cost reflectivity and help future proof the methodology.

A Workgroup member queried whether the cost of the HND onshore transmission (reinforcement) works will be considered when the ESO calculate the existing wider cancellation tariffs, if CMP428 is approved. An ESO representative responded that any works that are being triggered as part of the boundary reinforcement will be included as part of the Wider Cancellation Charge. The representative reminded members that any consideration of removing the Wider Cancellation Charge for the offshore Generator is not part of this modification. The Proposer confirmed wider works and the application of Wider Cancellation Charge is out of scope.

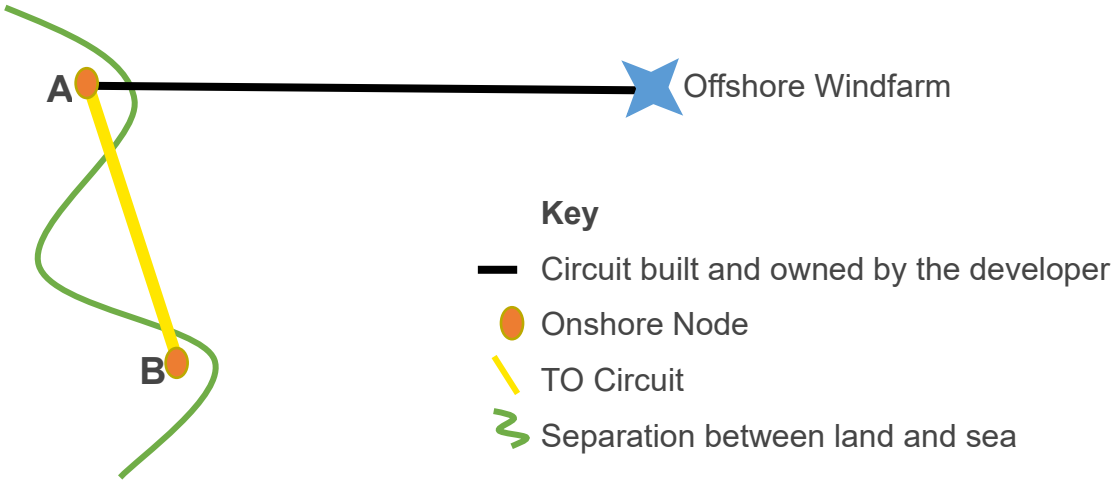
The Proposer provided further clarification on the modification and how it works alongside the methodologies already in place. The Proposer explained how the Ofgem

decision classified the assets within the HND into three categories, onshore transmission (reinforcement), radial offshore transmission and non-radial offshore transmission. The Proposer went on to confirm that CMP428 relates to onshore transmission (reinforcement), which was defined in the Ofgem decision as assets 'constructed for the purpose of reinforcement of the existing transmission system.'

The Proposer outlined the classification process as containing three stages, a legislative review, technical review and legal verification and that the proposed legal text for CMP428 aims to incorporate the high level essence of the decision on assets classification for offshore transmission by referring to the asset classification decision on 19 October and including reference to reinforcement circuits. The Proposer also described the aim to future proof the methodology was hopefully achieved by including references to the HND follow up process (HNDFUE) and the Central Strategic Network Plan (CSNP)[1] whilst ensuring it is still specific to assets within the HND.

Worked Example

The Proposer provided the Workgroup with a worked example including a diagram to help with the understanding of the defect and proposed solution:



- The diagram above provides an example of an offshore windfarm that is radially connected to an onshore node (point A).
- The circuit between the offshore windfarm and point A will be built and owned by the developer at the time the User Commitment liabilities apply. This circuit will then be transferred to an Offshore Transmission Owner (OFTO) just before offshore windfarm starts generating.
- Point A is directly connected to an onshore transmission (reinforcement) circuit being utilised as boundary reinforcement to flow energy to another onshore node (point B).
- Point A is not a MITS node and therefore applying the current User Commitment methodology would result in the TO circuit between points A and B being attributable works for the offshore windfarm resulting in significant User Commitment liabilities.

[1] CSNP definition subsequently removed prior to Code Administrator Consultation (see Page 13)

- CMP428 proposes to ensure this TO circuit is not classed as Attributable Works, therefore removing the User Commitment liabilities associated with the circuit between A and B from the offshore windfarm.

A Workgroup member also requested that the Proposer consider the level of risk that will be transferred to the consumer as a result of this modification. The Proposer explained the level of risk transferred to the User will be considered as part of the application of Wider Cancellation Charge and wider works as this will consider how the associated liabilities will be applied and the resulting impact on consumers. However, as agreed previously, consideration of wider works and the Wider Cancellation Charge is outside of the scope of the modification.

When discussing the Terms of Reference, one Workgroup member asked if the Workgroup should consider Users already signed up or signing up for fixed liabilities, to ensure they do not continue to secure approved infrastructure newly excluded from Attributable Works for other Users on Actual liabilities. However, the Proposer confirmed that no HND project that CMP428 would affect is on a fixed profile.

One Workgroup member noted that they thought the title of the modification was unclear; Workgroup members agreed to consider a change to the title as part of the Workgroup Consultation, to reflect the terminology 'onshore transmission (reinforcement)' as used in the Authority's asset classification decision.

Workgroup Consultation summary

The Workgroup held their Workgroup Consultation between 14 March 2024 – 21 March 2024 and received 6 non-confidential responses including 1 late response, and 0 confidential responses. The full responses and a summary of the responses can be found in **Annex 5**. Key points are summarised below:

- All respondents agreed that the Original Proposal better facilitates Applicable Objective (b). Five out of six respondents also indicated that the Original Proposal better facilitates Applicable Objective (d).
- All Workgroup Consultation respondents supported the implementation approach, with one respondent noting that the implementation date of June 2024 will help limit further impact on Generators.
- No Workgroup Alternative Requests were raised during the Workgroup Consultation.
- Five out of six respondents agreed that the solution helps provide better cost reflectivity for liabilities; the remaining respondent did not provide an answer for this question.
- Five out of six respondents agreed that the modification title should be changed to 'User Commitment liabilities for Onshore Transmission (reinforcement) in the Holistic Network Design'; the other respondent provided an alternative suggested title.
- One respondent suggested alternative wording within the legal text for the modification.
- One respondent noted that the Proposer should confirm whether the intention is for the cost of Excluded Works to go into the Wider Cancellation charge.

- Several respondents noted that the solution would ensure that the methodology is aligned with the Authority's asset classification decision, with one suggesting that it was important for the Authority to consider using the same terminology (e.g., onshore transmission (reinforcement)) within future asset classifications decisions to allow the solution to operate as intended.
- Some respondents noted that the solution could help incentivise investment or address the current risk of disincentivising offshore projects due to the associated liabilities.
- One respondent raised concerns about the purpose of User Commitment, given that the assets in scope of CMP428 will not be stranded. They noted that the current methodology doesn't quite work but acknowledged that it would be difficult to amend.

Post Workgroup Consultation discussions

The Workgroup Consultation responses were reviewed by the Workgroup; the following points were discussed:

- The Workgroup noted the lack of wider industry engagement with the Workgroup Consultation, as 5 out of 6 responses to the Workgroup Consultation were from Workgroup members or Alternates.
- The Workgroup agreed to amend the Executive Summary for the Workgroup Report to note that the application of the Wider Cancellation Charge will be subsequently considered by the ESO.
- The Workgroup discussed the proposed amends to the Attributable Works definition; this was further amended to include the addition of '(a) and (b)' to make it clearer.
- The Workgroup reviewed a suggested amend to the modification title, however several Workgroup members agreed this would make the title more confusing, so the title was not amended further.
- The Workgroup noted that engagement with the Authority would be required to ensure their future asset classifications can be aligned with CMP428. The Authority advised that they have no current plans to change the existing terminology, however noted that if this were to change in future, a Fast Track modification could likely be used to amend the affected definition in the CUSC.

When reviewing the Terms of Reference, one Workgroup member noted that the definition of Excepted Works was not completely clear; the Proposer agreed to review this with the ESO legal team and investigate the possibility of updating the guidance note on User Commitment. The Proposer later updated the Workgroup and noted that the guidance note is not designed to be updated regularly but is provided to help give an overview of the User Commitment principles. As there could be a number of HND asset classification decisions in the future, the decisions published by the Authority can be utilised to confirm which assets have been classified as onshore transmission (reinforcement) and therefore help confirm which assets are excepted from Attributable Works (once the methodology is place within the CUSC).

The Workgroup reviewed the legal text and suggested amends to the majority of the proposed definitions to provide greater clarity. One Workgroup member queried whether

the definition of OTNR was required, and whether it could be contained within the definition for HND instead. They also queried whether the term transitional Centralised Strategic Network Plan (tCSNP) should be updated to reflect the publication of the Beyond 2030 report. Upon review with ESO legal, the definitions for CSNP[1] and Excepted Works were amended based on Workgroup feedback. This included adding reference to the Authority's asset classification decision, the Holistic Network Design document and the beyond 2030 report for transparency for the industry. As a result of this, the proposed new definitions for HND and OTNR were removed from the legal text, as they were considered to no longer be required with the additional clarification in the Excepted Works definition.

The Workgroup agreed the legal text, noting that they believed the definition of Excepted Works was sufficiently transparent.

Output of Special CUSC Panel 12 April 2024

Ahead of the Special CUSC Panel on 12 April 2024 the Authority raised a concern that the legal text was inoperable and inconsistent with the ESO's Transmission Licence, due to the proposed inclusion of CSNP in CUSC Section 11.

As CSNP is not referenced in the ESO's Transmission Licence, the Proposer agreed to remove all references to CSNP from the proposed legal text to remove this concern. The Proposer acknowledged that the Workgroup had included the reference to future proof the solution and agreed that once included in the licence they would look to include it in a future modification.

The CUSC Panel agreed that the Workgroup had met the Terms of Reference and could proceed to Code Administrator Consultation provided that Workgroup members confirmed the legal text changes do not change their vote.

The amended legal text was circulated to Workgroup members on 12 April 2024 for reconfirmation of votes.

Legal text

Legal Text for this modification can be found in **Annex 4**.

What is the impact of this change?

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;	**Neutral**
(b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such	**Positive**

competition in the sale, distribution and purchase of electricity;	This proposal prevents certain circuits in the HND classified as onshore transmission (reinforcement) from being classified as Attributable Works and therefore avoids imposing significant liabilities on Generators. This in turn will incentivise development of offshore generation which aids competition.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	**Neutral**
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	**Positive** Will provide clarity to the industry on what assets are classified as Attributable Works for Generators in the HND.
*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.	

Proposer's assessment against Code Objectives

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories	
Stakeholder / consumer benefit categories	**Identified impact**
Improved safety and reliability of the system	**Neutral** This will not impact the operation of the transmission system.
Lower bills than would otherwise be the case	**Positive** The clarity of the methodology will help provide offshore developers with greater confidence of what the applicable methodology and resulting User Commitment liabilities will be. This will reduce investment risk and the overall costs to consumers.
Benefits for society as a whole	**Positive** Facilitates the development of an integrated offshore network and the associated consumer cost, security of supply and environmental benefits compared to radially connected projects.
Reduced environmental damage	**Positive**

	Facilitates the development of an integrated offshore network and the associated benefits towards achieving Net Zero.
Improved quality of service	**Neutral** This will not directly impact the quality of service provided by the ESO or offshore Generators.

Workgroup vote

The Workgroup met on 04 April 2024 to carry out their Workgroup vote and reconfirmed their vote by **15 April 2024** as requested by the Special CUSC Panel. The full Workgroup vote can be found in **Annex 6**. The table below provides a summary of the Workgroup members view on the best option to implement this change.

The Applicable **CUSC non-charging Objectives** are:

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

The Workgroup concluded unanimously that the Original better facilitates the Applicable Objectives than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
Original	9

Code Administrator Consultation Summary

The Code Administrator Consultation was issued on the 15 April 2024, closed on 18 April 2024 and received seven non-confidential responses including. A summary of the responses can be found in the table below, and the full responses can be found in **Annex 9**. Responses were received from four Generators, one System Operator and one Transmission Owner.

Code Administrator Consultation summary

Question	
Do you believe that the CMP428 better facilitates the CUSC Objectives?	All seven respondents stated the Original Proposal better facilitates the CUSC objectives than the Baseline. Six respondents stated the Original Proposal better facilitates objectives B and D. One respondent stated the Original Proposal better facilitates objective B only.
Do you support the proposed implementation approach?	All seven respondents stated they support the proposed implementation approach.
Do you have any other comments?	The following reasons were given by respondents in support of the Original Proposal: • Reduces the level of risk of projects dependent on reinforcements within the Holistic Network Design (HND). • Facilitates effective competition in Generation through tackling a barrier for development of offshore wind projects. • Provides enhanced clarity and transparency to what assets are classified as Attributable works preventing significant liabilities being imposed on Generators. One respondent noted that the implementation date of June 2024 is required to limit further impact on Generators. The same respondent noted concerns regarding increased risk to consumers as a result of this modification have been dealt with by Ofgem's decision in October 2022. Two respondents highlighted that the definition of Excepted Works should be expanded to include asset classification from any future CSNP once CSNP has been included in the ESO Transmission Licence.
Legal text issues raised in the consultation	
No legal text issues were raised by the respondents.	

Panel Recommendation

The Panel will meet on the 26 April 2024 to carry out their recommendation vote.
They will assess whether a change should be made to the CUSC by assessing the proposed change and any alternatives against the Applicable Objectives.

Vote 1: Does the Original facilitate the objectives better than the Baseline?

Panel Member: **Andrew Enzor**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Andy Pace**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Binoy Dharsi**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Christian Parsons**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Garth Graham**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Joe Colebrook**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Joseph Dunn**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Kyran Hanks**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Panel Member: **Paul Jones**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original						
Voting Statement						

Vote 2 – Which option is the best?

Panel Member	**BEST Option?**	**Which objectives does this option better facilitate? (If baseline not applicable).**
Andrew Enzor		
Andy Pace		
Binoy Dharsi		
Christian Parsons		
Garth Graham		
Joe Colebrook		
Joseph Dunn		
Kyran Hanks		
Paul Jones		

Panel conclusion

Panel will meet on 26 April 2024 to carry out their recommendation vote.

When will this change take place?

Implementation date
14 June 2024 to ensure developers have visibility of the User Commitment methodology and associated liabilities to aid investment decisions related to Generators connecting in the HND.

Date decision required by
31 May 2024 to ensure developers have the visibility of the methodology to aid investment decisions and ensure implementation by 14 June 2024.

Implementation approach
No systems are impacted through the implementation of this modification.

Interactions

☐Grid Code ☐European Network Codes	☐BSC ☐ EBR Article 18 T&Cs[2]	☒STC ☒Other modifications	☐SQSS ☐Other

The Workgroup unanimously agreed that CMP428 does not have any EBR implications.

This modification has interactions with:

- CM094 aims to allow Transmission Owners (TO) to not pass through any costs for Users to secure against for any strategic transmission reinforcements where Ofgem have approved the needs case for these works.
- CMP417 is considering the definition of Attributable Works but from a demand Users' perspective.
- CMP426 considers TNUoS Charging, and this modification considers User Commitment arrangements, but both proposals evaluate the treatment of onshore transmission (reinforcement) in the HND. The solutions in both proposals try to ensure cost recovery/liabilities for onshore transmission (reinforcement) are not assigned to a specific user within the context of the HND. CMP426 relates specifically to charging and CMP428 will address Users' liability. Both proposals will be distinct and separate from one and other.

This modification (CMP428) and CM094 both consider User Commitment liabilities associated with reinforcement works. The scope of this modification is confined to the HND and iterations to the HND, whereas CM094 has a broader remit.

For both CMP417 and CMP426 although there is a degree of interaction, the proposals can be approved and implemented independently.

Finally, for consistency it is important the definition for Attributable Works across CUSC and STC are aligned, therefore a consequential STC modification will be required to ensure alignment.

[2] If the modification has an impact on Article 18 T&Cs, it will need to follow the process set out in Article 18 of the Electricity Balancing Regulation (EBR – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.

Acronyms, key terms and reference material

Acronym / key term	Meaning
CAPEX	Capital expenditure
CMP	CUSC Modification Proposal
CSNP	Centralised Strategic Network Plan
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
ESO	Electricity System Operator
ETYS	Electricity Ten Year Statement
HND	Holistic Network Design
HNDFUE	Holistic Network Design Follow Up Exercise
HVDC	High-Voltage Direct Current (HVDC) circuits
MW	Megawatt
NGESO	National Grid Electricity System Operator
SQSS	Security and Quality of Supply Standards
STC	System Operator Transmission Owner Code
tCSNP	Transitional Centralised Strategic Network Plan
T&Cs	Terms and Conditions
TNUoS	Transmission Network Use of System
TO	Transmission Owner
OFTO	Offshore Transmission Owner
OTNR	Offshore Transmission Network Review

Reference material

- A Holistic Network Design for Offshore Wind
- Decision on asset classification
- CM094: Amendment to Bi-annual estimate provisions
- CMP417: Extending principles of CUSC section 15 to all users
- CMP426: TNUoS Charges for transmission circuits identified for the HND as onshore transmission

Annexes

Annex	Information
Annex 1	Proposal Form
Annex 2	Terms of Reference
Annex 3	Urgency Decision Letter
Annex 4	Legal Text
Annex 5	Workgroup consultation responses and summary
Annex 6	Workgroup vote
Annex 7	Attendance Record
Annex 8	Workgroup Actions Log
Annex 9	Code Administrator Consultation Responses and Summary Table