

CUSC Alternative Form – Non Charging

CMP434 Alternative Request 16:

Overview:

This Alternative proposal is to remove Element 14 from the proposed solution in CMP 434.

Currently Element 14 proposes a 12 month period, post Gate 2 Offer, to allow wholesale project land changes specifically as a result of the Gate 2 Offer.

Element 14 risks significantly increasing speculative connection applications to ESO, further increasing the existing TEC queue problem that CMP434 looks to address.

Additionally, Element 14 contradicts the proposals within CMP 427 regarding the requirement for a specific Letter of Authority (LoA), CMP427 *“CMP427 is a CUSC code modification which aims to raise the entry requirements to the transmission connection queue”*.

This Alternative, to remove Element 14, ensures Applicants focus on the Project, including land required for the Project, at application stage. This will ensure minimal speculative application.

This Alternative aligns with the DNO requirements for applicants to reach Gate 2, ensuring all applicants, new and existing, are, where possible, treated equally.

Proposer: Grant Rogers, Q-Energy Sustainable Investments Ltd

I/We confirm that this Alternative Request proposes to modify the non - charging section of the CUSC only

What is the proposed alternative solution?

The proposal is to remove Element 14 from the proposal.

Under Element 14 the Proposal introduces the concept of wholesale movement of the land as a result of Gate 2 Offer outcome. This risks fundamentally undoing the work of the Reform. Element 14 risks leading to high speculation, risks further incorrectly indicating capacity as a commodity, and significantly risks reducing the potential positive impact intended by the Proposal.

For example Element 14 contradicts the concept of adding firmer application requirements within the Proposal and also contradicts CMP427 “*CMP427 is a CUSC code modification which aims to raise the entry requirements to the transmission connection queue*” noting “*This necessitates Applicants providing evidence of confirmation that the project developer has either formally engaged in discussions with the landowner(s) in respect of the rights needed to enable the construction of the developer’s project on their land, or to demonstrate that the project is the landowner*”.

Allowing wholesale change as a result of the outcome of the Gate 2 Offer effectively lowers the barrier to entry by indicating applicants can reach Gate 2 with any LoA and look to move land as a result of Gate 2 Offer.

The Proposed Alternative is to remove Element 14 and, therefore, align CMP434 with the original intended aims – to ensure applications have carried out the due diligence for their project, including the land.

This Proposed Alternative will also minimise the risk of high levels of speculative applications that the inclusion of Element 14 risks.

The benefit of this Proposed Alternative is that it requires developers to carry out due diligence on land, utilised as the project land, which is taken to Gate 2 to ensure its viability for a project..

The Proposed Alternative also aligns with the concept of Projects, and due diligence being the focus. It moves away from the problematic view of capacity, via NESO Offer/BCA, being a commodity irrespective of a developable project.

Without this Proposed Alternative, it is likely that Element 14 will significantly risk speculative application with large numbers of applicants looking to apply for Gate 2 in order to review the Gate 2 Offer outcome instead of carrying out due diligence on the Project and associated land being taken to Gate 2 stage.

As a result of these risks, this Alternative suggests removing Element 14 from the proposal. Doing so will increase the focus on due diligence at application stage. This Proposed Alternative has no other wider impact, and no negative impact, on CMP434 as proposed.

It should be noted that this Proposed Alternative refers to Element 14 only, e.g. Post Gate 2 Offer results and is not related to general RLB change requirements. There has been some confusion over this, so felt it needed clarification here.

This Proposed Alternative is specific to Element 14 only. This differs from proposed Red Line Boundary (RLB) changes as a result of development, which should be considered separately.

RLB changes as a result of ongoing development as a project progresses in the planning

and detail design stages is a viable requirement of development. RLB changes are a separate consideration and not related to Element 14 or this Proposed Alternative.

What is the difference between this and the Original Proposal?

This will differ from the original Proposal in that it will no longer allow the wholesale change of land area/land as a result of the Gate 2 Offer.

This will ensure that speculation is limited and reduces the risk of negative impacts of a growing Transmission Entry Capacity (TEC) queue.

This change does not fundamentally effect any other part of the proposal and has no negative effect on the Original Proposal.

Element 14 can be removed without any knock-on effect to other Elements in the proposal or any change to the wider proposal as whole.

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;	None
(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: This change will send the correct signals to the market, facilitating effective competition of genuine projects and avoiding the promotion of extreme speculation (as seen currently).
(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.	Positive: Signalling real projects and avoiding mass speculation will promote efficiencies in implementing the CUSC by increasing visibility of future, real, projects and promoting efficient design as a result.

*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:

January 2025 or in line with implementation of CMP434 Original proposal if the start date is delayed

Implementation approach:

Reference to Element 14 and allowance of movement of land as a result of Gate 2 Offer will need to be removed from the proposal. No/limited other work is required to implement.

Acronyms, key terms and reference material

Acronym / key term	Meaning
LoA	Letter of Authority
TEC	Transmission Entry Capacity (TEC)
RLB	Red Line Boundary