

CUSC Alternative Form – Non-Charging

CMP434 Alternative Request:12

Overview:

To fully comply with objective (c) of CUSC, and especially alignment with articles of Regulation (EU) 2019/943 requiring “to ensure fair conditions of competition in the internal electricity market”, introduce provisions so a proportion of any planned new grid infrastructure would be ring-fenced for use by Community Generators in the first instance. If community companies do not apply to use the capacity within a defined period (e.g., 5 to 7 years), the capacity can then be released back into the wider market. Community Generators have repeatedly been shown to deliver many times more value and return locally and have considerably more local acceptability and support when compared to embedded generation in general. The Alternative should both increase the installed capacity, value, and speed to build out of embedded Community led generation across the networks so furthering the overall aims of this reform. Furthermore, it addresses increasing fairness and inclusion challenges by recognising the additional benefits these generators bring to society through, the additional operating restrictions they have in place in order to ensure benefit from their actions is socialised, the fact that speculation is effectively not a practical feature for them, and to compensate for the unbalanced conditions and lack of resources faced when, Community Generators have to compete with the corporations in the new ‘first ready, first served’ approach of the connection reform.

Proposer: Eibhlin Norquoy, Community Energy Scotland, on behalf of Point and Sandwick Power Limited, Member of Community Energy Scotland. (Email confirmation sent to ESO)

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

What is the proposed alternative solution?

To extend Capacity Reservation in Element 10 to include, a proportion (20%) of any planned new grid infrastructure to be ring-fenced for use by Community Generators in the first instance. A list of this capacity would be made available on the ESO website. If community companies do not apply to use the capacity within a defined period (e.g., 5 to 7 years), the capacity can then be released back into the wider market. This will avoid past market failures and unfair and disadvantaged treatment of Community Generators in the new connection reform. It will ensure compliance with Regulation (EU) 2019/943 SI 2020/1006, ensuring non-discriminatory access to the grid and market for all participants. It will support Directive (EU) 2018/2001, Article 22 Renewable energy communities, by removing unjustified regulatory and administrative barriers to renewable energy communities.

What is the difference between this and the Original Proposal?

To ensure a proportion (20%) of any planned new grid infrastructure is ring-fenced for use by Community Generators in the first instance. If community companies do not apply to use the capacity within a defined period (e.g., 5 to 7 years), the capacity can then be released back into the wider market. Such a ring-fence would sit easily alongside the new 'gateway' system for grid access that the ESO is now introducing.

The new connection reform will shift the 'first-come, first-served' approach to the 'First ready, first served' approach. This reduces speculation from corporations, but speculation is not a feature of Community Generator companies. This new approach risks the future of Community Generator companies, as they have limited development funding, tend to also be restricted in action geographically, operationally, and financially by ethical conditions and self-regulation that they put in place by their nature, and often rely on the commitment of volunteer boards, which are at a disadvantage in competing with corporations. This new approach continues and increases the unfair market regulation for Community Generator companies.

As a current example of these disadvantages, the case of the Outer Hebrides:

- Over the past decade, there has been real frustration within the community sector at the lack of development potential due to the lack of grid infrastructure. SSEN's announcement that a 1.8GW interconnector will be constructed and energised by 2030 had the potential to alleviate this problem. However, this capacity was rapidly allocated to developers and now appears to be full. This will likely require any future community applications that are approved to have constraints applied.
- Some generators have already been moved from firm connections to non-firm connections after holding space on the grid for many years.
- **This leaves no space for additional community projects or for current community generation projects to be repowered at a larger scale, putting the future of community generators in the Outer Hebrides at risk.**

One solution to such an apparent failure of policy and planning, which can now be solved in the Connection Modification, is straightforward and cost-free: ensure a proportion of any planned new grid infrastructure is ring-fenced for use by Community Generators in the first instance.

This solution is not new in Europe. Indeed, the best example of local community energy being developed at large scale is in Denmark, where over 50% of onshore wind farms are either community, cooperative or municipal-owned.

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;	Positive: Enables Community Owned Generation to connect to meet Government targets on installed Community Owned Generation.
(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: An inequity affecting community generators will be removed and a more level playing field created. Community Owned Generation benefits society to a much greater extent than non-community owned generation and would be able to be given priority for a quicker connection and therefore quicker delivery of net zero, wellbeing, and wealth building in local communities
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	Positive: Alignment with articles of Regulation (EU) 2019/943 requiring "to ensure fair conditions of competition in the internal electricity market"
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive: It will create a more efficient and equitable administration of the CUSC arrangements and their effect upon community generators.

*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:

In line with the implementation date of the code modification ([CMP434](#)).

Implementation approach:

This would be implemented by including the ring-fence mechanism within the Connections Network Design Methodology. Element 10 will need to be modified to include this proposed ring-fence mechanism, which can be translated into capacity reservation for Community Generators, as a way “to protect the integrity of any Network competition”, which involves fairness competitions for Community Generators and “to protect the integrity of more co-ordinated network design”. Additionally, Element 5 will be changed to include Community Generator as a different customer group. In addition, either the existing Transmission Entry Capacity register format should be amended, or a new register created and made available on the ESO website showing the ring-fenced capacity and date at which it will expire. This would be updated when relevant Gate 1 and Gate 2 offers are accepted. The checks at Gate 2 should include whether the Developer is a Community Generator. This should be implemented prior to the go-live date.

Acronyms, key terms and reference material

Acronym / key term	Meaning
Community Generator	This is a working definition: Community energy is typically characterised by grassroots action, where a community (either a community of place or of shared interest) comes together to design, implement, and manage a renewable energy asset or project primarily for the benefit of the community it is operating within rather than individual gain. This might be a community energy generation project, such as a wind turbine or solar panels, or a heat, retrofit or transport scheme. These are often driven by a shared mission to deliver environmental, social, and economic value for a specific place, with democratic input and governance (Brummer 2018; Creamer et al. 2020; Stewart 2021; Hanke et al. 2021).

Reference material:

1. Regulation (EU) 2019/943 of the European Parliament and of the Council
<https://www.legislation.gov.uk/eur/2019/943/introduction>
2. Directive (EU) 2018/2001 of the European Parliament and of the Council, Article 22 Renewable energy communities
<https://www.legislation.gov.uk/eudr/2018/2001/article/22>
3. Aquatera (2021), 'A comparison of the financial benefits arising from private and community owned wind farms: Report to Point and Sandwick Development Trust'
(<https://www.pointandsandwick.co.uk/wp-content/uploads/2021/04/Aquatera-Socio-economic-report-Final.pdf>)
4. Social Impact Report A Report to Point and Sandwick Trust by Impact Hub Inverness June 2020 (<https://www.pointandsandwick.co.uk/wp-content/uploads/2021/05/PST-Social-Impact-Report-2020-1.pdf>)
5. Leveraging local and community energy for a just transition in Scotland. Climate Exchange (2023) (<https://www.climateexchange.org.uk/wp-content/uploads/2024/01/CXC-Leveraging-local-and-community-energy-for-a-just-transition-in-Scotland-Dec-2023.pdf>)
6. The transformative impact of Community owned energy (2024 CES, CLS, DTAS, SCA,SCF) (<https://cni.scot/ces/wp-content/uploads/2024/06/Energy-Case-Studies-2024.pdf>)
7. A Fair Energy Deal for Scotland: Setting a target of 1,000 MW of Community Energy by 2030 (2024 CES, CLS, DTAS, SCA,SCF)
(<https://communityenergyscotland.org.uk/wp-content/uploads/2024/07/Proposal-for-a-1000MW-Community-Energy-Target-June-2024.pdf>)
8. Measuring the Local Economic Impact of Community –Owned Energy Projects (2014 James Hutton Institute and Gilmorton Rural Development)
(https://www.researchgate.net/publication/282946638_Measuring_the_Local_Economic_Impact_of_Community_-Owned_Energy_Projects)