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CUSC Alternative Form – Non Charging

CMP434 WACM5: Remove Project Designation

Overview: Remove Element 9: Project Designation from the Original proposal.

Proposer: Joe Colebrook, Innova Renewables

☒ I/We confirm that this Alternative Request proposes to modify the non - charging section of the Connection and Use of System Code (CUSC) only

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What is the proposed alternative solution?

This Alternative Proposal is similar to the Original proposal, however proposes to remove Element 9: Project Designation.

The Proposer's current view is that the proposed Project Designation Methodology would include the ability to designate projects where they meet the following criteria:

- a) are critical to Security of Supply; and/or
- b) are critical to system operation; and/or
- c) materially reduce system / network constraints.

This would be better achieved by the National Energy System Operator (NESO) reserving Connection Points and Capacity, as per Element 10 of the Original proposal, and then providing a market mechanism for users to meet the needs of the Transmission Network at the lowest cost to the consumer.

NESO Final Recommendations report in December 2023 (page 32) stated there was support for Government designation (Target Model Add-On F1 "TMA F1"), NESO designation (TMA F2) and acceleration of projects ready to connect (TMA F3). The support from industry was caveated with the need for clearly defined, consistent, and transparent criteria. Government designation is no longer relevant as Department for Energy Security and Net Zero (DESNZ) decided not to pursue this.

Therefore, Innova does not believe NESO designation is required for the Minimum Viable Product (MVP) and Element 9 Project Designation should be removed from the Original proposal.

What is the difference between this and the Original Proposal?

This Alternative Proposal would remove Element 9: Project Designation from the Original proposal.

Removing Project Designation from the Original proposal would avoid the need to change the Transmission Licence to require NESO to publish the Project Designation Methodology and to define a governance process for the Methodology.

Removing Project Designation will reduce the risk of a Legal Challenge as the original should now comply with the Electricity Regulation clause 3 clause (q) states 'market participants shall have a right to obtain access to the transmission networks and distribution networks on objective, transparent and non-discriminatory terms.'

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Removing the Project Designation should reduce the need for CUSC disputes to be raised due to the removal of an unclear and potentially discriminatory process, which does not provide a clear benefit to CUSC Users.

What is the impact of this change?

The Alternative proposal would remove the Definition of Project Designation and the Project Designation Methodology from Section 11 of the CUSC Modification Proposal [434 \(CMP434\)](#) legal text. The WACM will remove any reference to Project Designation and the Project Designation Methodology from Section 17.

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: This Alternative would avoid the need for Transmission Licence changes to NESO to publish the Project Designation Methodology and to define the Governance process for the methodology.
(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: Project Designation does not have a process to ensure the project is economically viable and therefore the use of Project Designation could distort the market and send the wrong investment signals, reducing the competitiveness of the connections process. Where a project is designated, there needs to be a clear framework to ensure the project designated by NESO has the lowest cost to the consumer to meet the network requirement. Market participants should be able to compete to provide the most value for money solution to access the designated connection point and connection capacity. This would be better achieved by NESO reserving Connection Points and Capacity, as per Element 10 of the Original, and then providing a market mechanism

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	for users to meet the needs of the Transmission Network at the lowest cost to the consumer.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<p>Positive: Within the Electricity Regulation, Chapter II – General Rules for the Electricity Market Article 3 clause (q) states ‘market participants shall have a right to obtain access to the transmission networks and distribution networks on objective, transparent and non-discriminatory terms.’</p> <p>Element 9 gives NESO significant Powers which may favour specific projects or companies and therefore create a discriminatory connections process.</p>
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<p>Positive: The use of Project Designation will provide a significant commercial advantage to the designated projects. The Project Designation Methodology will be designed by NESO with no ability for stakeholders to raise their own alternatives for the Authority to approve. Due to these two issues the use of Project Designation is likely to cause many disputes which will reduce the efficiency of implementing and administering the CUSC arrangements.</p>
<p>*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.</p>	

When will this change take place?

Implementation date: In line with CMP434 Original

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Implementation approach:

The implementation approach will be the same as the CMP434 Original

Acronyms, key terms and reference material

Acronym / key term	Meaning
CUSC	Connection and Use of System Code
NESO	National Energy System Operator
TMA	Target Model Add-On
DESNZ	Department for Energy Security and Net Zero
CMP	CUSC Modification Proposal
MVP	Minimum Viable Product

Reference material:

1. ESO Grid Connections Reform Final Recommendations <https://www.nationalgrideso.com/document/298496/download>

