Code Administrator Consultation Response Proforma

CMP434: Implementing Connections Reform

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@nationalenergyso.com by **5pm GMT** on **26 November 2024**. Please note that any responses received after the deadline or sent to a different email address will not be accepted.

If you have any queries on the content of this consultation, please contact cusc.team@nationalenergyso.com

Respondent details	Please enter your details
Respondent name:	Ed Birkett
Company name:	Low Carbon (as owner of Gate Burton Energy Park Limited and Beacon Fen Energy Park Limited)
Email address:	Ed.birkett@lowcarbon.com
Phone number:	07356 110 715
Which best describes your organisation?	☐Consumer body ☐Demand ☐Distribution Network Operator ☒Generator ☐Industry body ☐Interconnector ☒Storage ☐Supplier ☐System Operator ☐Transmission Owner ☐Virtual Lead Party ☐Other

I wish my response to be:

(Please mark the relevant box)

☒ **Non-Confidential** (this will be shared with industry and the Panel for further consideration)

☐ **Confidential** (this will be disclosed to the Authority in full but, unless specified, will not be shared with the Panel or the industry for further consideration)

For reference 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.

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

Standard Code Administrator Consultation questions		
1	Please provide your assessment for the proposed solutions against the Applicable Objectives?	Mark the Objectives which you believe the proposed solutions better facilitate:
		Original ☒a ☒b ☐c ☐d
		WACM1 ☒a ☒b ☐c ☐d
		WACM2 ☒a ☒b ☐c ☐d
		WACM3 ☒a ☒b ☐c ☒d
		WACM4 ☒a ☒b ☐c ☒d
		WACM5 ☒a ☒b ☐c ☒d
		WACM6 ☐a ☐b ☐c ☐d
		WACM7 ☒a ☒b ☐c ☐d
		We believe that the Original performs negatively on objective d) due to the lack of codification. We do not believe that WACM6 is necessary, as any CUSC Party could raise such a Modification at any time

		to codify the Methodologies (something that we support).
2	Do you have a preferred proposed solution?	☐Original ☐WACM1 ☐WACM2 ☐WACM3 ☒WACM4 ☐WACM5 ☐WACM6 ☐WACM7 ☐Baseline ☐No preference
		Ideally it would be possible to combine WACMs. If this were possible, we would support the inclusion of the measures in the following WACMs: - WACM 2 - WACM 3 - WACM 4 - WACM 5 - WACM 7 If only one can be selected by Ofgem (our understanding), then we believe WACM4 is the most important – this is because we believe that restrictions on changes in Red Line Boundary are likely to be one of the most powerful measures to remove speculative and/or failed projects from the queue.
3	Do you support the proposed implementation approach?	☐Yes ☐No
		There is no Implementation Date proposed, which makes it difficult to comment.

		We are also concerned that the Licence changes have not been consulted on yet, which already makes implementation in Q2 2025 appear ambitious.
4	Do you have any other comments?	**We support the thrust of the proposed reform – but are concerned about the details.** We believe that these reforms have the potential to significantly speed up grid connections for viable projects. However, we are concerned about the details of the implementation, as set out below. We are also concerned about how the proposed reforms make the grid connections process much more discretionary in future. This will make it harder for investors and developers to predict which projects will be able to connect to the grid, which ultimately could slow down the development of much-needed additional generation. We therefore encourage NESO and the Government to set predictable rules in the Methodologies and any other documents that are referenced by those Methodologies (e.g. the 2030 Clean Power Plan). **We remain concerned over the lack of clarity for DNO-connecting projects.** Throughout this reform process, we and others have raised concerns that the process for DNO-connecting projects is not well defined. We remain concerned about this, and that too much reliance is being put on the Energy Networks Association (ENA) to put in place rules that will deal with the knock-on impacts of reform on their customers (which includes many consented generation projects). For example, we are still not clear whether or not DNO-connecting projects will be assessed individually, or whether they will be assessed as a project progression batch. This is especially critical given that large

numbers of projects are expected to be removed from the queue (especially batteries). We believe that projects need to be considered individually to give this process the best chance of working for DNO-connecting projects.

Red Line Boundary change restrictions – reliance on Queue Management Guidance to define exceptions.

Per Section 16.4.9.3, CMP434 introduces restrictions on changes to project location ("Red Line Boundary" or "RLB").

A 50% rule will be applied, which we support.

NESO is proposing to have the power to relax the 50% rule, *"where this is justified and evidenced by the **User** in accordance with the **Queue Management Guidance**."*

The legal text does not set out what principles would underpin any exception.

From our participation in the workgroups, we understand that all changes to terms and conditions must be approved by the Authority.

Changes to the exemptions on the 50% rule arguably form part of Users' terms and conditions.

We are therefore concerned that NESO's current formulation falls foul of this requirement – as the legal text for CMP434 sets no principles for the relaxation of the 50% rule, and instead defers to guidance that can be changed by NESO without Authority approval.

We therefore recommend that this provision is removed, or that principles are inserted into the CUSC, which can then be interpreted through Guidance (our understanding of how Guidance is intended to be used).

We have tried to achieve this through WACM4.

Lack of definition of when exemptions to forward-looking M1 Milestone will be allowed.

Per Section 16.3, the timeline for the M1 Milestone will be adjusted by this Proposal to also have a forward-looking calculation. We support this as a critical step to prevent developers from sitting on grid offers without progressing their projects.

Per Section 16.5, NESO is proposing an exemption to the forward-looking M1 Milestone *"where a User can demonstrate that a forward looking M1 would have a detrimental impact on developing their User's project…"*.

We don't believe that there is a common-sense way to understand this test. We believe NESO needs to include a more specific test, e.g. related to the type of technology that is being developed.

Do not support use of Methodologies rather than Codification.

Per our response to the Workgroup Consultation, we do not support the widespread use of Methodologies in place of the existing and well-tested CUSC arrangements.

Comments on Methodologies.

We will respond to the consultation on Methodologies.

| 5 | Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms | ☒Yes
☐No |
| | | Click or tap here to enter text. |

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	and conditions held within the CUSC?	