

CUSC Alternative Form – Non Charging

CMP435 Alternative Request 3:

Overview:

This Alternative proposal is to remove Element 14 from the proposed solution in CMP435.

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 the ESO, further increasing the existing TEC queue problem that CMP434 looks to address.

Additionally, Element 14 contradicts the proposals within the original regarding the requirement for a specific LoA and land rights at application.,

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.

With regards to CMP435 specifically this Alternative will ensure that existing applicants are also subject to these requirements at Gate 2, in line with the proposed parallel Alternative for CMP434, and 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, Qualitas Energy (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.

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 CMP435 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 it requires developers to carry out due diligence on land, utilised as the project land, that is taken to Gate 2 to ensure this land is viable for a project.

The Proposed Alternative also aligns with the concept of Projects and due diligence being the focus and 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 CMP435 as proposed.

It should be noted 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 clarity 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 TEC queue.

This change does not fundamentally affect any other part of the proposal and has no negative effect on CMP435.

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: This change does not affect licence obligations.
(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: This change has no impact on regulatory requirements.
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive: Signalling real projects and avoiding mass speculation will promote efficiencies in implantation of 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 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.