

Public

Code Administrator Consultation Response Proforma

CMP435: Application of Gate 2 Criteria to existing contracted background

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.

Please be aware that late responses will not be accepted.

If you have any queries on the content of this consultation, please contact elana.byrne@nationalenergyso.com and catia.gomes@nationalenergyso.com or cusc.team@nationalenergyso.com

Respondent details	Please enter your details	
Respondent name:	Rob Smith	
Company name:	Enso Energy	
Email address:	Rob.Smith@ensoenergy.co.uk	
Phone number:	07917 770182	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input checked="" type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> 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*)

Public

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 solution(s) against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution(s) better facilitates:
		Original <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		WACM1 <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		<p>Whilst we believe that both proposals better meet the above indicated applicable objectives, the current poor state of the connection process makes this a very low bar.</p> <p>We are frustrated by the fragmented nature of the CUSC process and the methodology consultation questions. It does not allow us to indicate that, whilst</p>

Public

		improving those elements of the process that will remain under CUSC governance, support of this proposal it also implicitly supporting the hollowing out of the CUSC and the development of alternative, less appropriate, governance arrangements. So, while the process will be improved, the overall approach taken in improving this process is problematic, the poorest of those that could be developed, and will create issues for connection customers who are the actual users of this process. We have expanded upon our concerns in the response to Q4
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input checked="" type="checkbox"/> WACM1 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference
		<p>One of the rarely discussed reasons for the connection queue being the current size is that developers cannot ascertain whether their competitors' projects are truly viable and so find it difficult to understand whether their own projects would be a prudent investment or be entering into a saturated market. As such we do not believe the queue is significantly made up of "zombie projects" but more so by "wait and see" projects where developers' ability to make efficient decisions is hampered by poor queue management data.</p> <p>WACM1 will allow Gate2 eligible, existing agreement holders, to be better informed, in relation to competitors positions, before applying for project advancement (which would incur a fee). Agreement holders will also be able to assess, by virtue of their technology and connection date, relative to competitors, if the cost of retaining land options for another 6 to 7 months is attractive if, by their connection date, they would be entering an already saturated market.</p>
3		<input checked="" type="checkbox"/> Yes

Public

	Do you support the proposed implementation approach?	<p><input type="checkbox"/> No</p> <p>Whilst we do agree with the mechanics of the implementation approach, we are concerned that the timings of this activity have not yet been firmly laid out. This brings greater uncertainty to project developers already trying to understand and respond to a continually changing proposed set of rules and obligations.</p> <p>Although we accept that the 2-week Gate 2 submission window is a minimum and could be extended, we would propose that this timeframe should be 4 weeks. Getting these submissions correct is the cornerstone upon which the rest of the process sits, and it should not be rushed to save a few days in the timetable.</p>
4	Do you have any other comments?	<p>ENSO energy is supportive of the need to reform the connection process to help meet the countries Net Zero objectives. However, we are concerned by the approach taken in the proposal, and the rationale provided, for allocating the bulk of the rules and obligations outside of the CUSC, and into 3 separate methodologies subservient to the NESO operating licence.</p> <p>We do not believe the case for this approach has adequately been made and we are concerned that in supporting the proposal including element 1, we are implicitly supporting the introduction of these methodologies. We believe this is the wrong approach.</p> <p>There are several reasons why we do not believe the connection reform should be split across the CUSC and these newly developed methodologies.</p> <p>As a concept it is hard to think of many, if any, cases where fragmentation, rather than consolidation, of the governance of rules and obligations associated with a</p>

Public

		<p>process has led to it being more efficient to use and easier to coordinate and evaluate changes, especially in an environment as dynamic as the electricity industry.</p> <p>This fragmentation will act as a barrier to entry as the rules surrounding connection reform will need an even greater level of expert knowledge and time to understand how the CUSC, the three methodologies and various NESO guidance documents fit together. It also runs a significantly higher risk that, when change occurs, these various documents will implement rules that are contrary to each other and cause greater problems and risk for connectees.</p> <p>As somebody involved in the 60 or so working groups involved with CMP434 & CMP435 it became obvious that the fragmentation of the rules and obligations of connection reform made understanding it in the round significantly more difficult, with parties having to make assumptions when assessing the benefits of a proposal.</p> <p>The proposer modified a number several aspects of the solution after discussion and viewpoints presented by various industry experts within the working group. This included amendments to the CUSC proposal and, also, the approach to certain issues to be laid out in the methodologies. It is fair to say that the embryo for several of the methodology ideas were born in the working group, and we would highlight that future changes to the methodologies would be bereft of this, robust, ideas building, transparent workshop approach.</p> <p>We note that the main rationale for this fragmentation of the connection rules, is the view that changes can be advanced more quickly via licence derived methodologies, rather than via the CUSC change proposal route. We believe this is highly subjective and would offer two counter points to this argument.</p>
--	--	---

Public

		<p>The CUSC process has just developed a proposal for the most comprehensive change in the electricity connections process in the last 20 years. Despite a change in government, and change in objectives, this was completed in 5 months. In doing so, it received the most thorough scrutiny possible and as such the final proposal was better.</p> <p>The process for urgent CSUC proposals is transparent and robust. If the process needs improving, the CUSC makes provision for this, and it is considerably more transparent and robust in its approach than the consultation approach undertaken on various documents under the NESO licence.</p> <p>We would welcome Ofgem and NESO feedback as to why these issues were not deemed to be sufficiently impactful to be addressed in the proposal to introduce these methodologies.</p> <p>However, we are sceptical as to whether these concerns will be addressed as we suspect they will be deemed out of scope of the CUSC proposal, further reinforcing our earlier points around fragmentation creating complexity and confusion.</p>
5	Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
		Click or tap here to enter text.