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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 | |
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| Respondent name: | Richard Woodward | |
| Company name: | National Grid Electricity Transmission | |
| Email address: | Richard.Woodward@nationalgrid.com | |
| Phone number: | 07964 541743 | |
| Which best describes your organisation? | <input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector | <input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input checked="" 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)

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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 | | |
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| 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 <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 |
| | | WACM2 <input type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d |
| | | WACM3 <input type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d |
| | | WACM4 <input type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d |
| | | WACM5 <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d |
| | | WACM6 <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d |
| | | WACM7 <input type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d |
| | | As the Transmission Owner responsible for building and maintaining network infrastructure in England and Wales, we believe that the timely delivery of definitive Connections Reform sits on the critical path to realising the Government's ambition for Clean Power by 2030 (CP2030). |

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| | | <p>It is only by reducing and reordering the connections pipeline, through the combined lenses of readiness and strategic need, that we will be able to determine the full extent of the enabling works required to achieve our clean energy targets.</p> <p>Doing this will, in turn, unlock the full potential of our ambitious RIIO-T3 business plans, providing the assurance that we require to invest strategically in our network, ahead of need, whilst also providing our customers with greater certainty surrounding their connection location and project timescales.</p> <p>Assessment of the Original proposal</p> <p>The Original CMP434 solution provides the minimum necessary changes to the CUSC to facilitate the new TMO4+ arrangements in response to a clear and material defect, more positively supporting two of the code’s applicable objectives.</p> <p>We agree with the proposer that the new minimum viable product TMO4+ gated connections process will better facilitate effective competition (objective B) by applying more proportionate and consistent barriers to entry for developer projects, applied by red-line boundary requirements plus assessments of project readiness and system need prior to firm connection offers being made at Gate 2.</p> <p>This in turn better supports the ability of the network licensees to predict and deliver on customer requirements for timely, efficient, and economic connections to our network. With additional intervention by the NESO (e.g. Queue Management; Project Designation) to ensure allocated network capacity continues to be utilised where customer projects cannot progress, these proposals should better ensure effective outcomes for the benefit of all stakeholders, including end consumers (objective A).</p> <p>We assess objectives C and D as neutral.</p> <p><u>Assessment of alternative proposals</u></p> <p>All the workgroup-led alternatives provide a benefit in comparison to the baseline by deriving substantively from the NESO’s Original.</p> |
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| | | <p>However, in our view many of the alternative proposals introduce partial inefficiency into CUSC arrangements compared to the Original which make them less favourable (despite the best of motivations by those who initially raised them).</p> <p>In particular we believe WACMs 4 and 5, as well as 6, could either stifle the reasonable actions of the NESO (and to a lesser extent the Transmission Owners) in discharging their statutory obligations, or impose additional obligations which may not be in the network licensee's or wider industry's interest in the longer term. They would therefore negatively impact objectives A and D respectively.</p> <p>We believe WACM1 or WACM7 to have the most merit of the workgroup-led alternatives as they address some of the more profound queries on the NESO Original raised during workgroup conversations and consultation responses. However, there is still a risk that they build on the Original proposal in a way that might be inefficient in the longer term and therefore net off any short-term benefits.</p> |
| 2 | Do you have a preferred proposed solution? | <p><input checked="" type="checkbox"/> Original</p> <p><input type="checkbox"/> WACM1</p> <p><input type="checkbox"/> WACM2</p> <p><input type="checkbox"/> WACM3</p> <p><input type="checkbox"/> WACM4</p> <p><input type="checkbox"/> WACM5</p> <p><input type="checkbox"/> WACM6</p> <p><input type="checkbox"/> WACM7</p> <p><input type="checkbox"/> Baseline</p> <p><input type="checkbox"/> No preference</p> <hr/> <p>As flagged above, the Original proposal provides the most efficient route to resolve the underlying defect.</p> |

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| 3 | Do you support the proposed implementation approach? | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>We support swift approval by the Authority of the package of TMO4+ proposals to provide the network licensees the tools to manage the new and existing queue as quickly as possible.</p> <p>However, successful implementation of CMP434 relies particularly on a successful go-live of the CMP435 solution and supporting CNDM Methodology - both of which will have significant workload consequences on the network licensees.</p> <p>The NESO should work collaboratively with the network companies to quantify the full extent of the effort required for system design studies, network deliverability assessments, and associated reissue of updated customer contracts via CMP435 (including any developer requests for advancement) prior to go-live.</p> <p>We are certainly clear that there should be no overlap between recalibrating/re-offering the existing connections queue via CMP435 and the convening of new application windows via CMP434. To do so would create unnecessary ambiguity for the TOs and DNOs, which could prejudice the quality of connection offers in response to new customer applications.</p> <p>Interactions with STC</p> <p>The CMP434 proposals are dependent on consequential changes made to the STC via CM095 as well as the STC Procedures (STCPs). This ensures effective interactions between NESO and Transmission Owners (TOs) to discharge the totality of updated obligations introduced by the TMO4+ proposals.</p> <p>We are wary that the proposed drafting for the STCP changes is yet to be shared by NESO. Consequently, a full assessment of the impact of the policy changes needed to deliver CMP434 (and CMP435 particularly) is unclear to us at this stage. This is not desirable given</p> |
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| | | <p>the significance of these modifications and the volume of work we anticipate needed to implement them.</p> <p>We trust that NESO will bring forward these STCP changes before the end of 2024 and will work collaboratively with the TOs under appropriate governance to agree solutions at Panel in a timely manner which efficiently facilitate implementation of CMP434, CMP435 and CM095 (if approved).</p> |
| 4 | Do you have any other comments? | <p>The code modification proposals are only part of the jigsaw to deliver the full benefits of Connection Reform.</p> <p>They rely on supporting methodologies being in place, as well as adjustments to wider arrangements and ways of working, to guarantee a successful go-live.</p> <p>The key enablers in our view include:</p> <p>A robust and enforceable Gate 2 offer criteria methodology which not only factors project readiness, but the need for the project in the context of credible strategic energy policy direction (e.g. Clean Power 2030), which will evolve in a foreseeable manner for all industry stakeholders.</p> <p>Successful implementation of the reformed arrangements to the existing connections queue (via CMP435) prior to convening new application windows. As mentioned above, the network licensees must be given sufficient time to restudy and recalibrate the contracted background via CNDM following application of the Gate 2 criteria methodology (as above) to the existing queue, as well as the same downstream considerations for embedded projects. Developers must also be given time to understand any changes to the scope of works or Completion Dates in their revised agreements prior to signature. In our view, this must all occur successfully before additional projects are allowed to apply for the first time to join the newly 'reformed' contracted background via a new application window.</p> |

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| | | <p>Strong post-offer Queue Management enforcement by NESO. The implementation of fixed project milestones via CMP376 was to ensure that the projects allocated firm capacity progress as anticipated to completion, or have their projects reasonably terminated to enable others to take their place to de-risk transmission network investments. We believe this is even more important in the world of TMO4+, where capacity allocation is much more formalised setting stronger investment signals to TOs. Where customer project progression stalls, there must be swift intervention by NESO to terminate projects and substitute to ensure that end consumer-funded works remain economic and efficient. The NESO's financial instruments proposals also have a role to play here.</p> <p>Clear direction for TO investment from strategic energy plans and Price Controls. Whilst the Clean Power 2030 report marks a positive step forward to coordinate future energy planning, the direct interactions with TMO4+, the Gate 2 criteria and CNDM methodologies, alongside our T3 business plans already in development, present a risk of misalignment to SSEP in future as well as the tCSNP2 refresh.</p> <p>We have expressed previously our ambition to build more capacity ahead of specific customer need to enable the efficient connection of customers. Without clear strategic alignment, the potential lack of clarity opens the possibility that we would have to revisit investments to connect customer projects considered 'firm' under TMO4+, which also presents a stranded investment risk for us.</p> <p>We do understand that our current view of the future network may change post CP2030 / Connection Reform implementation. Until such time that longer term certainty is established, we ask that Ofgem consider a more flexible approach to delivering the required network infrastructure to enable customer connections in the context of TMO4+ roll-out and reflect this within their RIIO T3 determinations</p> |
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| 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? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <hr/> <p>Click or tap here to enter text.</p> |
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