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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 cust.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 cust.team@nationalenergyso.com

Respondent details	Please enter your details	
Respondent name:	Andy Dekany	
Company name:	National Grid Ventures	
Email address:	andy.dekany@nationalgrid.com	
Phone number:	Click or tap here to enter text.	
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 checked="" type="checkbox"/> Interconnector	<input 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)

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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		
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 type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM1 <input checked="" type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM2 <input checked="" type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM3 <input type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		WACM4 <input type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM5 <input type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		WACM6 <input checked="" type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM7 <input checked="" type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		<p>The original proposal sets out to improve the GB Connections Process via the introduction of a batched connection application process, moving to a “first ready, first needed, first connected” approach to progressing connections to the GB Transmission and Distribution Systems.</p> <p>The consulted upon CUSC changes are but one element of the overall package of proposals. The precise mechanics of how many</p>

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		<p>of the elements of CMP434 and 435 are to be implemented are to be set out in methodologies separate to the CUSC (though we note WCAM6 proposes that these ultimately be brought into the CUSC). At the time of responding to this consultation these methodologies are being consulted upon in their first draft form and so are not finalised.</p> <p>Since the original solution is heavily dependent on these methodologies, it is somewhat hard to make a definitive judgement on whether the CUSC proposals in isolation better facilitate the applicable CUSC objectives or otherwise. We therefore set out our assessment below with this very important caveat.</p> <p>In our opinion the following objectives are facilitated by the Original solution and other WACMs:</p> <p>Original Solution:</p> <p><u>Objective (a): Positive</u></p> <p>We agree with the proposer that the shortcomings of the existing “First-come, First-served” connection process mean that reform is vital. The proposed shift to a “First ready, First Needed, First connected” approach we feel will provide a more solid foundation for the reformed connections process. Regarding some of the fundamental building blocks of CMP434:</p> <ol style="list-style-type: none"> 1. Due to the volume of future connections both now and into the future it seems sensible to move to a batched assessment process to more efficiently identify and plan connections to the network, and subsequent wider system reinforcements. Introducing bi-annual application windows therefore in our view better facilitates objective (a) 2. In a similar fashion the requirement to place appropriate increased requirements on future connectees to the system via a gated process is, in principle, likely to reduce speculative applications, ensure that projects ready to progress are prioritised and lead to the better facilitation of applicable objective (a). That said the detail of this criteria is to be contained in a separate “Gate 2 Methodology” so we cannot say for certain if this aspect will better facilitate applicable objective (a). It is vitally important that the “Gate 2 Criteria” are fit for purpose and account for the variety of future technologies connecting to the system. They must avoid an overly narrow or “one-size fits all” approach to the criteria. For example, one purely focussed on Land Rights, could unduly discriminate between projects simply as one technology type can meet the requirements with minimal
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		<p>difficulty, while others find it impossible. This would not lead to an efficient outcome.</p> <ol style="list-style-type: none"> 3. Project Designation: Supports the Original proposal to better facilitate objective (a). Project Designation will ensure known or potential critical projects that meet the Project Designation criteria to progress their project in an appropriately timely manner, even if they do not or cannot meet the Gate 2 Criteria. Given the expectation that Project Designation criteria may include projects critical to security of supply or system operation, this is particularly important. 4. Connection Point and Capacity Reservation: This aspect of the Original proposal also better facilitates applicable objective (a). The Working Group has rightly identified that certain projects, particularly but not exclusively those that use Development Consent Orders (DCO) to secure Land Rights, cannot meet Gate 2 requirements yet require a defined connection point and capacity to be reserved as a pre-requisite to progression of the project to eventually meet Gate 2. We therefore believe the inclusion of the Connection Point and Capacity Reservation helps the Original proposal better facilitate applicable objective (a). This belief is not without caveats. We remain concerned that the process is not sufficiently defined. For example, the legal text does not set out key principles around NESO reaching decisions regarding Connection Point and Capacity Reservation, and the associated bilateral discussions around the minimum reservation period within the 'conditional clause'. 5. Finally, aligning future connections to the system by reference to what is needed (as set out in NESO strategic planning recommendations commissioned by Government) allows a more efficient system to be delivered. <p>Overall, we do believe that the Original proposal better facilitates applicable objective (a). However, we believe that it is vital that this amendment is followed up by further refinement of the CUSC, the associated methodologies and the development of NESO guidance based upon feedback regarding the success and impact of the package of changes.</p> <p>Objective (b): Neutral</p> <p>The original proposal introduces a readiness-based mechanism which will prioritise projects that can more quickly connect over</p>
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		<p>those that cannot, or potentially are entirely speculative. As these criteria are not contained within the CUSC we cannot at this stage say whether this prioritisation will benefit competition as it cannot be ascertained whether appropriate projects will be prioritised or relegated.</p> <p>If these methodologies are not carefully designed, they may in turn create risk and uncertainties - investment risk, inequitable competition, administrative inefficiencies and possible legal challenges. Any of these outcomes would in fact frustrate competition and go against applicable objective (b).</p> <p>Objective (c): Neutral We do not believe there is an impact.</p> <p>Objective (d): Positive The introduction of batched processes has the potential to lead to more efficient administration and allocation of capacity; however, this is by no means clear cut and will require extremely close monitoring during/post implementation to ensure that this objective is indeed achieved.</p> <p>Workgroup Alternative CUSC Modifications (WACMs) We believe all WACMs to be improvement upon the Baseline, but none provides more effective or balanced solution than the original solution. WACM3, WACM4, and WACM5 negatively affect (verses the Original) the efficient discharge by the Licensee of their obligations, and all WACMs negatively affect (verses the Original) the efficiency of administration of the CUSC, most significantly WACM3 and WACM5.</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>

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		<input type="checkbox"/> WACM7 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference
		We support the original proposal as set out in question 1.
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<p>We neither agree nor disagree with implementation approach.</p> <p>The implementation approach for CMP434, CMP435, and CM095 are interlinked and should be considered together.</p> <p>These are complicated 'urgent' changes which were developed over a compressed timeline. There are a number of areas where detail is missing or partially complete, and there is an aggressive timescale that NESO and TOs have available to make changes to every connection agreement and many construction agreements. We can foresee that there may be difficulties for NESO and TO teams during the implementation.</p> <p>Methodologies and other Changes</p> <p>We expect that Methodologies and guidance will be constantly changing. Furthermore, the potential additional Financial Instrument modification could interact with these CUSC modifications. Our consideration and comments in this response can only include what we know at present.</p> <p>We also believe that there should be specific identified review points where the implementation of these modifications alongside evolving methodologies, guidance, and any additional new modifications can be considered.</p>
4	Do you have any other comments?	<p>Missing Detail e.g. Processes</p> <p>The process for some parts of this change have not been fully defined within the CUSC (nor elsewhere) e.g.</p>

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		<p>a) the Offshore Letter of Authority for Interconnectors and Offshore Hybrid Assets that Crown Estate or Crown Estate Scotland will need to 'acknowledge' is not fully clear nor agreed. Additionally, the process when an Interconnector route could pass through both organisation's territories is not defined.</p> <p>b) how a bilaterally agreed minimum contractual reservation period will be agreed (Connection Point and Capacity Reservation), nor the detail or criteria for subsequent annual review at the end of this minimum period.</p> <p>c) when the above date cannot be agreed, what arbitration/challenge is possible rather than the wholly inappropriate situation where NESO merely withdraws Reservation? We outlined in our initial consultation response precisely why this could be up to 8.25 years for IC/OHA projects (subject to the final Gate 2 Criteria Methodology).</p> <p>It is the responsibility of NESO administration teams to 'apply' the CUSC, but there should be a process to identify gaps and ensure there is a flexible approach until these are resolved.</p> <p>Connection Point and Capacity Reservation</p> <p>In addition to missing details regarding the process, there is no clarity on the handling of 'nodes'; we would welcome confirmation of the approach. Since Reservation includes the setting up of contractual agreements between NESO and TOs (but not the developer), this would infer that 'nodes' cannot be part of a Connection Point and Capacity Reservation process. We accept that this may not always be possible, but it would seem reasonable for NESO and TOs to commit to clarifying any node related reservations within as short a timescale as possible e.g. 6-12 months.</p>
5	Do you agree with the Workgroup's assessment that the	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?	Click or tap here to enter text.
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