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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 | |
|--|--|--|
| Respondent name: | Ruby Pelling | |
| Company name: | National Energy System Operator | |
| Email address: | Ruby.pelling@nationalenergyso.com | |
| Phone number: | 07813408897 | |
| 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 checked="" 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 | | |
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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 checked="" type="checkbox"/> d |
| | | WACM1 <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d |
| | | WACM2 <input checked="" 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 checked="" type="checkbox"/> d |
| | | WACM4 <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d |
| | | WACM5 <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d |
| | | WACM6 <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d |
| | | WACM7 <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d |
| | | NESO believes that the Original Proposal overall better facilitates the applicable objectives (a), (b) and (d). The Original Proposal allows a new queue to be made up of readier and more viable projects to enable delivery of the government's clean power and net zero targets. The proposal contributes to the facilitation of quicker |

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| | <p>connections for those projects that are ready and viable by removing speculative and stalled projects from the connections queue. The Original Proposal plays a key role in enabling the development of a coordinated and efficient network design for connections, delivering benefits to both customers and consumers.</p> <p>NESO believes that WACM 1, WACM 2, WACM 3, WACM 4, WACM 5, WACM 6 and WACM 7 are also overall better than the baseline as they align (to a greater or lesser extent) with the Original Proposal and are materially similar in many places. However, we also have concerns with each of the WACMs (some of which are material concerns) and therefore we believe that the Original Proposal facilitates the applicable objectives better than any of the WACMs.</p> <p>WACM 1 is broadly in line with the original's intent as it introduces an application window based (and gated) connections process that is able to prioritise readier and/or more viable projects. However, in terms of applicable objective (d) we think that WACM 1 could cause unintended consequences by hosting different definitions and threshold values across two industry codes, when Grid Code processes feed into the CUSC. This has the potential to create confusion and additional complexity especially to Users who are new to the industry. For these reasons, we consider the Original Proposal to better facilitate the applicable objectives than WACM 1.</p> <p>WACM 2 aims to reduce delays to the administration of the primary process and mitigate risks for embedded customers, in order to maintain equitable treatment between (i)DNO and Transmission projects. However, for applicable objective (d), we believe it would be more efficient to discharge this obligation outside of the CUSC, as DNO/transmission-connected iDNO customers are not always parties to the CUSC, who are the users who may require this obligation. Therefore, another route may be better suited to address this requirement. For these reasons, we consider the Original Proposal to better facilitate the applicable objectives than WACM 2.</p> |
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| | | <p>WACM 3 aims to codify the process for reallocating capacity from terminated contracts to other contracted projects that have already passed Gate 2. It seeks to remove Element 9 (Project Designation) and Element 10 (Connection Point and Capacity Reservation) (both as found within the WG Report) to facilitate reallocation in a process efficiently by adopting a simple approach. However, NESO considers WACM 3 to not better facilitate applicable objective (a) as it would constrain the Methodologies causing misalignment with NESO's broader objectives. Therefore, while WACM 3 is an improvement over the baseline, we believe the Original Proposal better facilitates the applicable objectives.</p> <p>WACM 4's only difference from the Original Proposal is related to the level of codification of Element 11.3 (as found within the WG Report). This WACM is materially similar to the Original Proposal and therefore we consider this to be better than the current baseline. However, the lack of exemptions related to ongoing compliance could lead to unintended consequences, negatively impacting projects which could potentially be made unviable in the future due to a minor non-compliance. Therefore, NESO considers the Original Proposal to better facilitate the applicable objectives than WACM 4.</p> <p>WACM 5 seeks to entirely remove Element 9 (Project Designation) (as found within the WG Report) from the Original Proposal. While it is materially similar to the Original Proposal, we believe that including Project Designation within the overall proposals would facilitate better network outcomes, greater system security, and a more efficient connection process, delivering the best outcomes for consumers. Although WACM 5 is still better than the baseline, it has the potential to introduce material detrimental unintended consequences on factors such as security of supply, network efficiency, and consumers. Therefore, we consider the Original Proposal to better protect against these issues and better facilitate the applicable objectives than WACM 5. WACM 5 in NESO's view is the WACM which could</p> |
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| | | <p>cause the most material adverse consequences within the TMO4+ proposals.</p> <p>WACM 6 supports the use of the Methodologies, which are core to the primary process outlined within the Original Proposal, making it in our view better than the baseline. However, NESO believes that it should be the relevant Licences that set out expectations for reviewing and revising the Methodologies, rather than the CUSC, as they are proposed to be derived from such Licences. It is our view that WACM 6 ultimately intends to codify the Methodologies, which would hinder NESO’s ability to make efficient and decisive changes and our ability to comply with current and future obligations. Therefore, we believe that that that the Original Proposal better facilitates the applicable objectives than WACM 6.</p> <p>WACM 7 seeks to introduce an additional process step through an industry pause for market self-regulation. While we could see that this could promote further transparency and facilitate competition, overall, we believe it would elongate the process and could add unnecessary complexity. Therefore, although we consider WACM 7 to be better than the baseline, we do not believe (due to the additional time and complexity) it would better facilitate the applicable objectives than the Original Proposal.</p> |
| 2 | Do you have a preferred proposed solution? | <input checked="" type="checkbox"/> Original <input type="checkbox"/> WACM1 <input type="checkbox"/> WACM2 <input type="checkbox"/> WACM3 <input type="checkbox"/> WACM4 <input type="checkbox"/> WACM5 <input type="checkbox"/> WACM6 <input type="checkbox"/> WACM7 |

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| | | <input type="checkbox"/> Baseline <input type="checkbox"/> No preference |
| | | <p>For the reasons outlined above, NESO does not feel that any of the WACMs facilitate the applicable objectives better than the Original Proposal and this is therefore our preferred solution. NESO has proposed the Original Proposal to enhance and reform the connections process. The background to this can be found in the Code Administrator Consultation on page 6. Our view remains the same, that this modification is required to reform and improve the connections queue to support faster connections to the network.</p> <p>Against objective A, the Original Proposal is positive as it introduces an application window based (and gated) connections process that is able to prioritise readier and/or more viable projects enabling us to help the government to meet its net zero targets. It is also future proofed to support more strategic network planning activities. Currently, project developers are waiting too long to connect, and this is hindering progress to deliver clean power and net zero. This new process will support a broader change to deliver better outcomes. Furthermore, introducing application windows allow a more coordinated network design closely aligned with NESO’s current and future strategic planning activities and will facilitate anticipatory investment to ensure transmission works are delivered efficiently.</p> <p>The Original Proposal is positive against applicable objective B as it contributes to facilitating quicker connections for readier and more viable projects which are needed to deliver clean power and net zero. Currently, project developers are waiting too long to connect, and this is hindering progress to deliver clean power and net zero. Therefore, allocating connection dates and locations to Gate 2 projects is expected to result in earlier connections.</p> |

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| | | <p>The Original Proposal is neutral against applicable objective C.</p> <p>Against applicable objective D, the Original Proposal is positive as the more coordinated and efficient network design for connections would deliver benefits for customers and consumers, as capacity would be allocated more efficiently to projects that are ready and studying connections applications in batches should lead to lower overall costs for consumers. The new proposed process also provides industry participants, including network companies, with greater structure and ability to plan through only providing full/confirmed offers to readier and more viable projects through the new arrangements, including by slowing the rate at which new projects can enter the queue relative to current arrangements.</p> |
| 3 | Do you support the proposed implementation approach? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| | | <p>NESO supports the implementation approach outlined within the Original Proposal. However, it is important to note the interactions between these code changes and their implementation approach and the licence changes required (including in respect of the Methodologies). We look forward to continuing to work with Ofgem and other key stakeholders to ensure that all aspects of the implementation requirements (including those related to codes and licences) are aligned prior to the implementation date. It is also important to note that additional clarity on the implementation date for these code changes would be useful for NESO (and industry) to have as soon as it is available.</p> |
| 4 | Do you have any other comments? | <p>Upon further review, the CMP434 Original Proposal legal text requires several typographical amendments, which will also need to be reflected in the legal text for the WACMs (as and where required).</p> <p>CUSC Section 16</p> |

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| | | <ul style="list-style-type: none"> • 16.4.9.3.1: There is a reference to ‘User’s’ which should be in bold. • 16.4.9.3.1: ‘ie’ may need to be ‘i.e.’ <p>These section 16 changes would also need to be reflected within the WACM 4 legal text.</p> <p>CUSC Section 17</p> <ul style="list-style-type: none"> • 17.5.6: The reference to ‘and 17.5.6’ in this Paragraph should be a reference to ‘and 17.5.5’. • 17.6.6: The end of sub-paragraph b) has a stray space at the end of that Paragraph before the full stop, which should be removed. This would also need to be reflected within WACM 2 legal text. • 17.7.1: It should be ‘A Gated Application’ at the start of that Paragraph. • 17.10.1.1: There is a stray space at the start of the Paragraph, which should be removed. |
| 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 <p>Upon reviewing the CMP434 legal text, it is clear it does not overlap or interact with any sections of the CUSC outlined in CUSC Exhibit Y.</p> <p>Therefore, we consider CMP434 to not have any impact on the EBR Terms and Conditions.</p> |