

Public

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:	Joe Colebrook	
Company name:	Innova	
Email address:	Joe@innova.co.uk	
Phone number:	020 3523 9560	
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 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 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 checked="" type="checkbox"/> d
		WACM2	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM3	<input checked="" 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

Public

		<p>We agree that the Original Proposal is better than the Baseline and supports Objectives a), b), and d). However, the limited visibility of NESO's Three Methodologies complicates a full assessment of its impact. We will engage in the Methodologies consultation, and the Authority's review of CMP434 alongside the final Methodologies should address potential misalignments.</p> <p>Objective a) - Introduces an application based and gated connections process that can prioritise readier and/or more viable projects enabling the industry to help HMG meet its Net Zero targets and is 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 Net Zero. Application windows allow a more coordinated network design closely aligned with NESO's current and future strategic planning activities and facilitate anticipatory investment to ensure transmission works are delivered efficiently.</p> <p>Objective b) - Introduces an application based and gated connections process that can prioritise readier and/or more viable projects. The changes proposed in the Original should increase the number of generators connecting each year and bring forward the connection of many viable projects. Clarifies connection rules and accelerates project connections, enhancing competitiveness in generation and supply. Although the timeline may temporarily pause investment, the changes will improve long-term industry certainty and investment.</p> <p>Objective c) - No identified impact on compliance with Electricity Regulation or relevant EU decisions.</p> <p>Objective d) The new process also provides CUSC Parties, including network companies, with greater</p>
--	--	---

Public

		<p>structure and ability to plan, through only providing full/confirmed offers to reader and more viable projects. Fewer industry resources will be invested into facilitating connections for projects which will not be built.</p> <p>For the reasons outlined above we believe all the WACMs will be better than the Baseline and will be positive for objectives a) b) and d), although we have provided additional comments on each WACM below.</p> <p>WACM1 – WACM1 will clarify the definition of relevant Embedded Generators for Transmission Impact Assessments (TIAs), which currently cause significant confusion in the industry and is better than the Original.</p> <p>WACM2 - WACM2 puts obligations on Distribution Network Operators related to third parties to the CUSC (Relevant Small and Medium Embedded Generators). Whilst we agree with the need for the obligations, the CUSC is not the appropriate place for these obligations and instead, the obligations should be introduced via a DCUSA Modification or changes to the Distribution Licence. Therefore, WACM2 is not better than the Original.</p> <p>WACM3 - The Capacity Reallocation rules proposed by WACM3 contradict the Three Methodologies being implemented by the NESO. WACM3 provides clarity for CUSC Parties which is currently lacking, and therefore is better than the Original. That sad, we acknowledge that it cannot be implemented if the Methodologies are also implemented in their current form.</p> <p>WACM4 - The % of Installed Capacity that can be built outside of the Red Line Boundary is a key condition of the Construction Agreement and therefore the percentage, as agreed by the workgroup, should be part of the CUSC and any changes to it governed by</p>
--	--	--

Public

		<p>the CUSC governance process and not held within guidance or the Gate 2 Criteria Methodology. Therefore, we consider WACM4 is better than the Original.</p> <p>WACM5 - The Clean Power Plan 2030 (CPP2030) and Methodologies have superseded this modification, and it is not appropriate to remove the concept of Project Designation as it is an important concept to allow CPP2030 to be implemented. It will be vital for NESO and the Authority to ensure the use of Project Designation is transparent and fair to all parties as it will have a significant commercial impact on Users. Therefore, WACM5 is not better than the Original Proposal.</p> <p>WACM6 - The three Methodologies include rules that are integral to the Transmission Connections Process and therefore the rules in the Methodologies should be part of the CUSC legal text. WACM6 provides a mechanism for industry to review the use of Methodologies after a period, which will be an important and useful exercise, although the solution will still allow each CUSC party to have the right to raise a CUSC Mod only if they feel it is appropriate. We consider WACM6 is better than the Original.</p> <p>WACM7 - The needs and benefits of requiring the NESO to provide a short window for projects to cancel their agreements before the coordinated network design process begins are unclear. Therefore, in our view believe WACM7 is not better than the Original.</p>
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input checked="" type="checkbox"/> WACM1 <input type="checkbox"/> WACM2 <input type="checkbox"/> WACM3

Public

		<input type="checkbox"/> WACM4 <input type="checkbox"/> WACM5 <input type="checkbox"/> WACM6 <input type="checkbox"/> WACM7 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference
		<p>Innova believes there is a significant benefit to the industry by creating two new categories of embedded projects that clearly define which embedded generators are required to go through a transmission impact assessment.</p> <p>The approval of WACM1 will provide clarity to the industry and avoid unnecessary transmission impact assessments. Innova would also encourage the NESO to consider an additional CUSC modification to increase the minimum threshold for projects that impact the transmission network. Innova believes they should be increased to 10MW export capacity in England and Wales and 2MW export capacity in Scotland.</p> <p>A higher threshold would support the development of private wire solutions where distributed generation is located next to high energy users (e.g. rooftop solar) reducing the need for network infrastructure and increasing the options for cheaper energy. A higher threshold for transmission impact assessments would reduce the barriers to entry for community energy projects.</p>
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Innova would like the implementation date to be immediately after the Authority decision date to avoid

Public

		<p>any additional delay in completing the first gated window and therefore issuing the first Gate 2 Offers. The industry is in a state of uncertainty until those offers are received and hence, it is vital they are issued as soon as possible.</p> <p>Innova understands the Licence Change consultation is due to run throughout December and the Methodologies Consultation is due to close on 2nd December. NESO may need to revise the Methodologies throughout December. Therefore, Innova expects all decisions to be with the Authority for January, which would allow for an Authority decision in February at the earliest.</p>
4	Do you have any other comments?	<p>Unable to Understand the Interaction With the Methodologies</p> <p>CMP434 enables the methodologies which introduce a whole new mechanism for reordering the connections queue, determining connection dates and determining enabling works for Users. The Working Group were not aware of the new mechanism for reordering the queue at the time the CMP434 was discussed and agreed. It can be argued the Methodologies built upon CMP434 and therefore it is the Methodologies themselves that should consider the interaction with CMP434 and CMP435. We support that Ofgem will be making a decision on CMP434, CMP435, and the three Methodologies, as this will reduce the potential risk of unintended consequences.</p> <p>Are Queue Management Milestones Still Fit for Purpose?</p> <p>One area that may not align well with the Methodologies and the Clean Power Plan 2030 is Queue Management Milestones, Section 16 of the CUSC.</p>

Public

		<p>Without harmonising milestones with TO delivery schedules, projects face the risk of extended delays despite meeting all developer-side requirements.</p> <p>CMP434 does not provide mechanisms to synchronise TO delivery schedules with the Queue Management Milestones or to adjust milestones dynamically based on TO feedback. For example, the transmission owner FID could be before the User is required to achieve planning permission.</p> <p>The introduction of the forward-looking milestone is ineffective. A project will only have a forward-looking milestone in the following circumstances:</p> <ol style="list-style-type: none"> 1. The project requires a Town and Country Planning Application (TCPA) and the User connection date is more than six years from the Gate 2 offer issue date. 2. The project requires a Development Consent Order (DCO), and the Users Connection date is more than seven years from the Gate 2 offer issue date. <p>Therefore, any projects which need 2 years (TCPA) or 3 years (DCO) to submit a planning application will be forced to apply for a connection date which is at least 2031 or 2032, assuming Gate 2 offers are issued by October 2025. See the graph at the end of this consultation document for more details.</p> <p>Innova are concerned that Connection A could have two years to submit planning and Connection B could have 1 year to get planning, due to a difference of 1 day in the requested connection date or the Gate 2 Offer issue date. This happens at the 4th year and 5th year cliff edge as shown in the diagram at the end of this document. Innova has raised this concern to the proposer, but they considered queue management milestones out of date. Innova urges the Authority to suggest this is reviewed and if required a new CUSC</p>
--	--	---

Public

		<p>modification is raised to fix this issue before Gate 2 offers are issued in Q3/Q4 2025.</p> <p>Staged Agreements</p> <p>Innova strongly supports the proposer's view that it would be inefficient for <i>'Users to remove one or more stages of a connection to allow one or more stages to progress through Gate 2, only to then add the stages back into the connection (via a Modification Application) once the relevant stage had met the Gate 2 criteria'</i>. Innova agrees that NESO should be able to issue Hybrid Offers where one or more stages have Gate 1 conditions and one or more stages have Gate 2 conditions i.e. firm connection location and firm connection capacity.</p> <p>NESO must publish the Significant Change policy and the Material Technology Change policy as early as possible to provide the industry with clarity on what changes will require a modification (significant change) and what changes will require a project, or a specific stage of a project, to be reassessed behind all existing contracted connections (Material Change), i.e. back of the queue. At the very least NESO must publish these policies before the CMP434 implementation date.</p> <p>Innova would like to highlight the unclear drafting of staged connection agreements that exist today. From our experience, it is often not clear in the contract how different technologies are staged, particularly when an addition of a technology does not require an increase in TEC. In Innova's view, each technology and each increase in TEC/CEC/Demand should be treated as a separate stage within the connection agreement with separate enabling works listed in Appendix H (if any) and separate User Works listed in Appendix I. Co-located projects are a vital part of the Net-Zero transition as they allow higher utilisation of electrical networks, including fewer bays being required, and</p>
--	--	---

Public

		<p>significantly reduce the cost to consumers. Innova strongly believes NESO need to improve how staged connections are written and managed otherwise there is a high risk the new process proposed in CMP434 will make co-located technologies and staged connections very difficult to develop and invest in.</p> <p>Bi-Annual Application Windows</p> <p>Innova strongly supports the proposer's change to a bi-annual (twice-a-year) application window with Gate 1 and Gate 2 windows running in parallel. This change provides more flexibility to the process, allowing projects to apply for a Gate 2 Offer without needing an accepted Gate 1 Offer.</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> <p>No further comments</p>

Public

