

Public

CUSC Panel

Monday 24 February 2025

Online Meeting via Teams

Public

WELCOME

Purpose of Panel & Duties of Panel Members

The **Panel** shall be the standing body to carry out the **functions** referred to in CUSC – Section 8 CUSC Modification (8.3.3)

The **Panel** shall endeavour at all time to operate:

- In an **efficient, economical and expeditious manner**, taking account of the complexity, importance and urgency of particular CUSC Modification Proposals; and
- With a view to ensuring that the CUSC facilitates **achievement of the Applicable CUSC Objectives**.

Duties of Panel Members & Alternates (8.3.4)

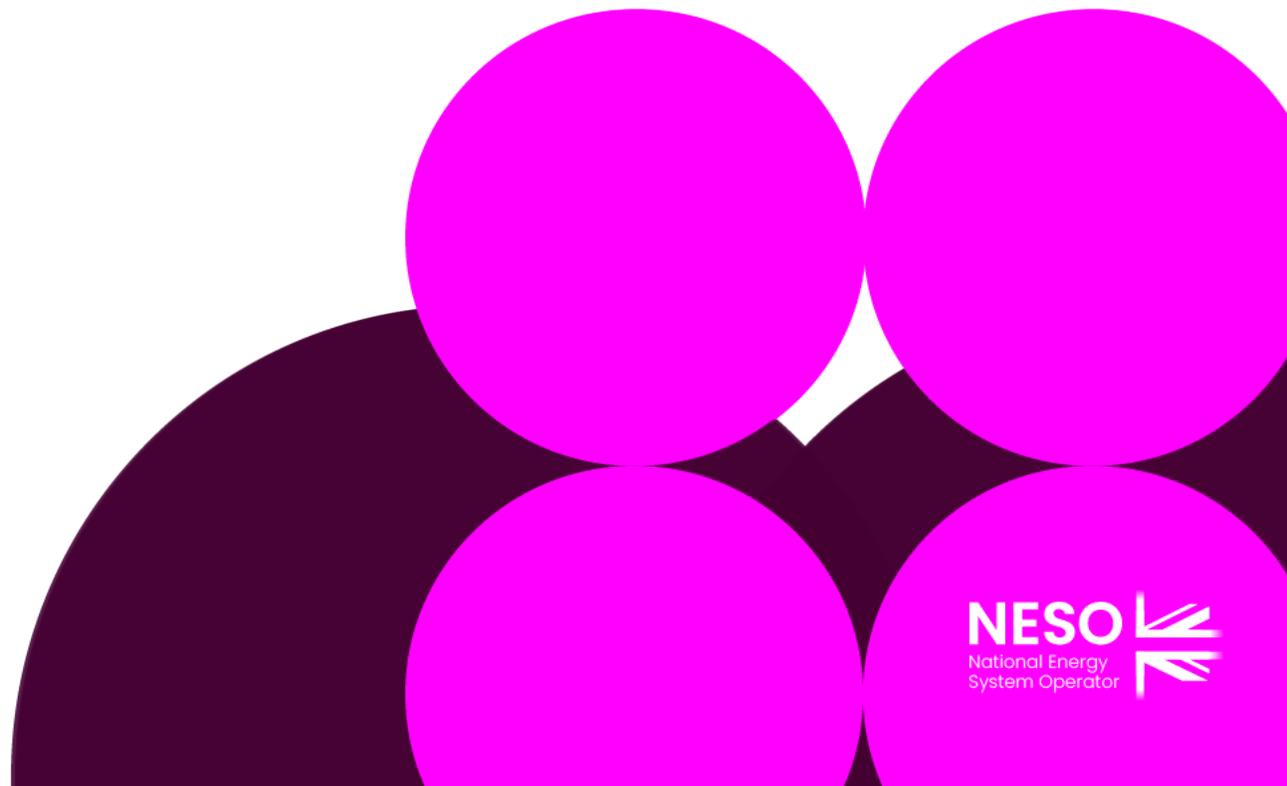
1. Shall act **impartially** and in accordance with the requirements of the **CUSC**; and
2. Shall not have any **conflicts of interest**.

Shall not be representative of, and shall act without undue regard to the particular interests of the persons or body of persons by whom he/she was appointed as Panel Member and any Related Person from time to time.

New Urgent Modification

CMP451: Suspending TNUoS payments
when TOs and / or NESO have delayed
connection date

Presented by Alex Lambie, Brockwell Energy
and Graz Macdonald, Waters Wye



Project Background

Project Scale in UK Onshore Context

Rank	Project	Capacity (MW)
1	Viking Wind Farm	443
2	Clyde North	375
3	Whitelee	305
4	Kilgallioch Wind Farm and Extension	274
5	Whitelee Extension	238
6	South Kyle Wind Farm	235
7	Pen Y Cymoedd Wind Farm	228
8	Stronelaig	228
9	North Kyle	212
10	Clash Gour	210

North Kyle is, by a significant distance, the largest onshore wind farm to be connecting in 2025 and one of the largest in the UK

Rank includes all onshore wind farms either built, in construction, or approved.

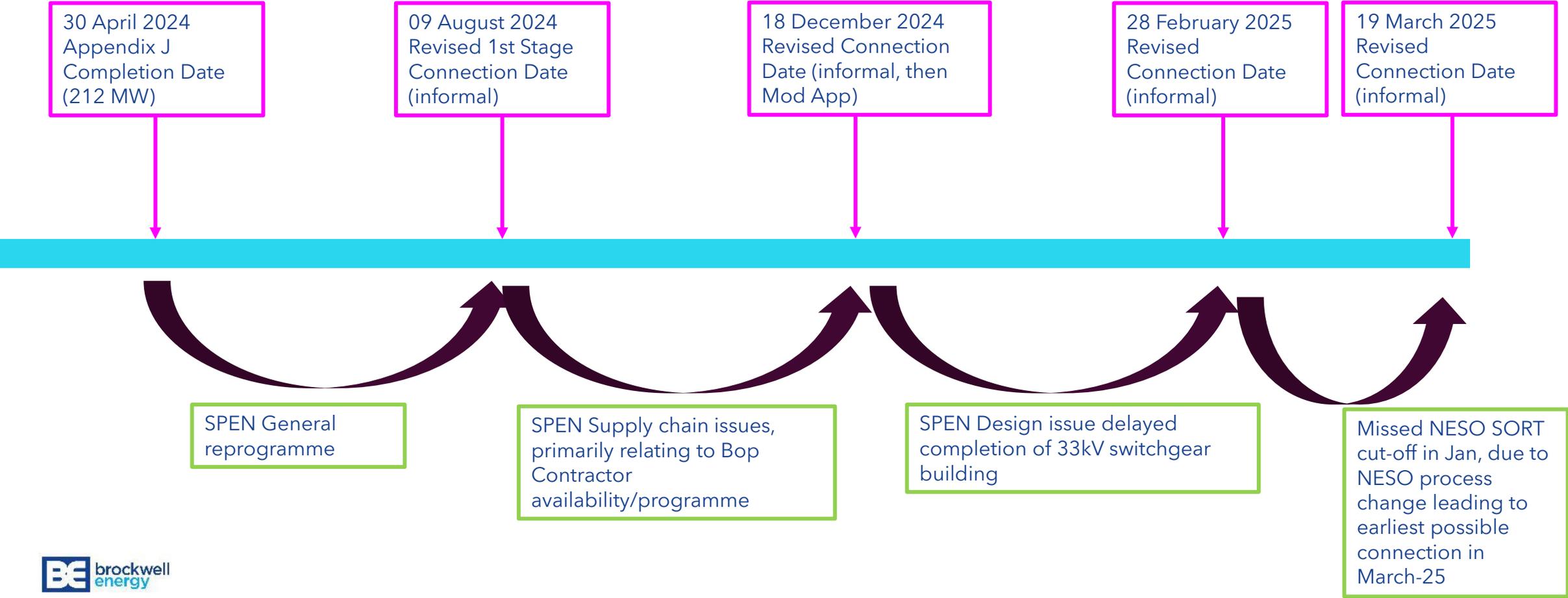
Current contract arrangement

Between National Grid Electricity System Operator and North Kyle Wind Farm Limited

- a bilateral connection agreement dated 15 May 2019 between the Grid Connection (High Voltage Transmission) Counterparty and ProjectCo (the "BCA");
- a construction agreement dated 15 May 2019 between the Grid Connection (High Voltage Transmission) Counterparty and ProjectCo (the "ConsAg")
- (a CUSC accession agreement dated 15 May 2019 made between the Grid Connection (High Voltage Transmission) Counterparty and ProjectCo (the "CUSC Accession");
- a connection offer issued by the Grid Connection (High Voltage Transmission) Counterparty on 16 January 2019 and re-offered on 12 March 2019 offering grid connection for the Wind Farm and accepted by ProjectCo on 15 May 2019 offering grid connection for the Wind Farm (the "Grid Connection (High Voltage Transmission) Offer");
- **Appendix J completion date: 30 April 2024**
- **Mod App received from NESO dated 17 October 2024 with 3 stage connection (signed by NKWFL 13 Feb 2025):**
 - Stage 1: 79MW of export allowed, connect on 18 December 2024
 - Stage 2: full 212MW of export allowed, on 30 May 2025
 - Stage 3: full 100MW of import allowed, on 03 April 2028

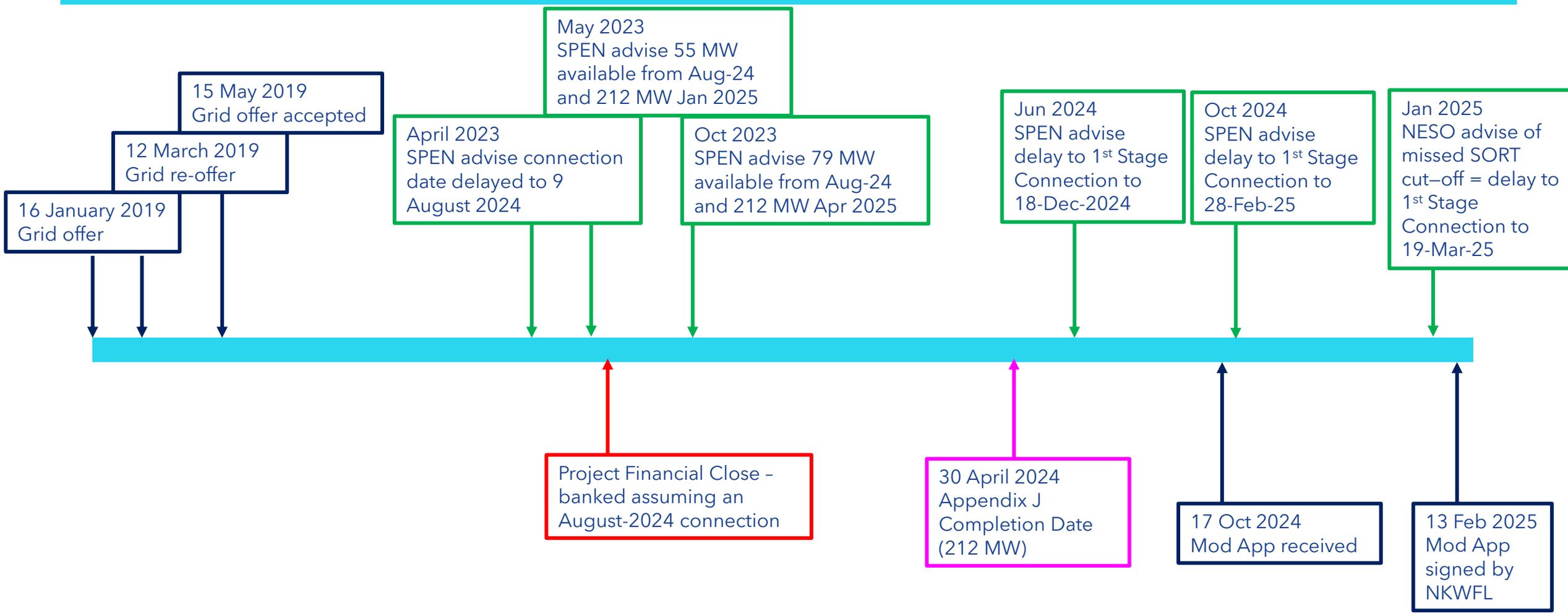
Grid connection timeline

Movement of Grid Date



Grid connection timeline

Overview of events



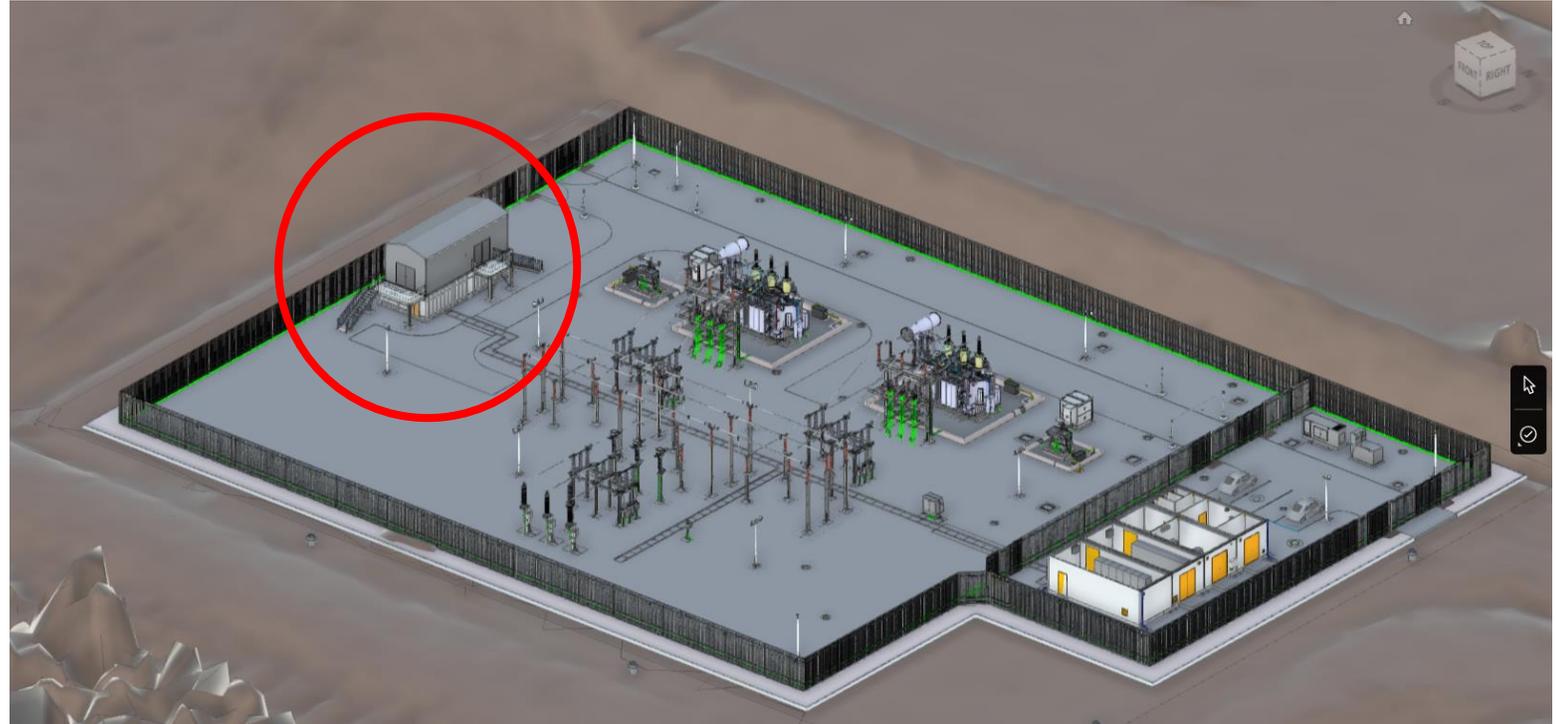
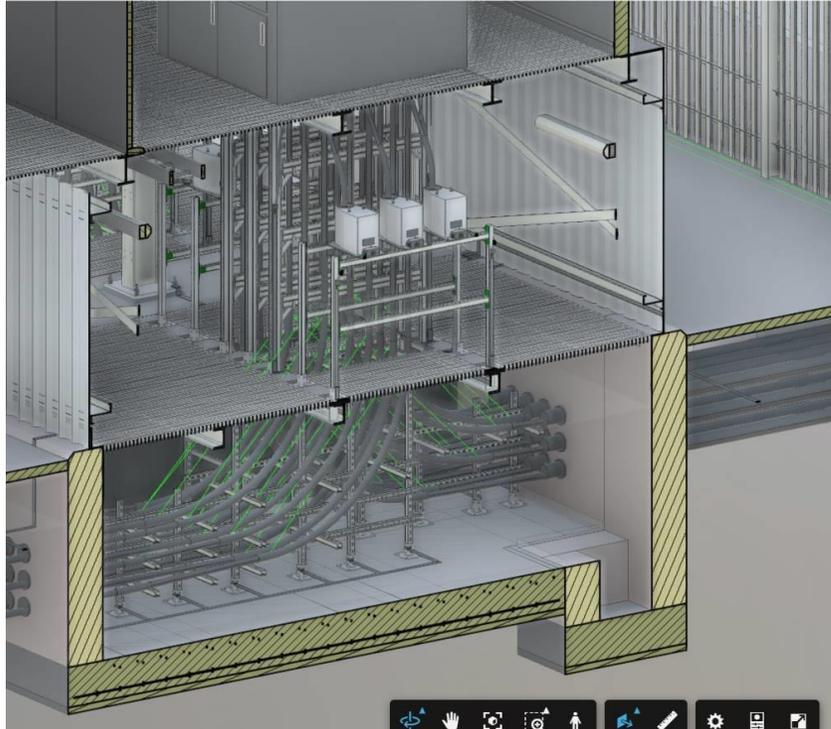
Grid connection timeline

Resourcing - cause of delay to 18-Dec-24

- SPEN have been regularly updating North Kyle on the progress of the NK grid works since the start of the contract. These take the form of a regular monthly progress report and a monthly face to face meeting (+regular phone calls as required).
- Within the April 24 progress report the SPEN PM has indicated within the Key Risks section the following risk:
- “BOP construction delay – Due to lead time in Steel Structure, Marshalling Kiosk, Supplies Pillar, Key Exchange Boxes and Interlocking. BOP tender technical evaluation completed. BAFO released to BOP tender. Letter of Intent draft agreed with SPEN Legals and BOP tenderers have agreed to working under LOI in principle. But there is still high risk and BOP works could complete in Jan 25.”
- Essentially, this was a SPEN supply chain issue – and ultimately they were able to push their BoP Contractor to a delivery date of 18-Dec-24

Grid connection timeline

33kV Switchgear Building issue - cause of delay to 28-Feb-25



- Design issue with 33kV building cable entry and thermal performance of cables
- Revised foundation design delayed construction programme
- Delivery slots for switchgear and GRP housing missed (originally due early Nov-2024)
- Next available switchgear delivery slot is mid-Jan 2025, leading the connection date to knock-on to 28-Feb

Grid connection timeline

NESO SORT issue - cause of delay to 19-Mar-25

- North Kyle was working towards a SORT cut-off date of 08-Jan-25 ahead of a 29-Jan-25 upload date. However, were told that we had missed the 08-Jan-25 cut-off date and would instead need to be ready for the next cut-off date of 26-Feb-25 (which would lead to an upload/energisation date of 19-Mar-25).
- The reason given by NESO was that North Kyle had not passed the Operational Meter Testing, required to be complete to allow issue of the HVSCC testing (High Voltage System Change Certificate). The test confirms that SCADA signals between SPEN's substation and NESO's control room are fully configured and operational.
- NESO appear to have made a change to enforce the completion/passing of the Operational Meter Testing before allowing a project to enter SORT. Historically (as understood by our technical advisors Natural Power and the transmission operator SPEN), the SCADA system for a project is not commissioned until around one month before energisation and a project would enter SORT with the testing to follow.
- We believe North Kyle wind farm fully followed the process that had been used historically for registration but have been impacted by a change of approach (which we think is due to a change of personnel from October 2024).
- We have raised this issue with the System Change Manager at NESO and NESO directors. We have been unsuccessful.
- This leads to an earliest energisation date of 19 March 2025.
- TNUoS charges run from 1 April to 31 March. Therefore, by connecting on 19 March the project is liable for a full year's worth of TNUoS charges (estimated at £1.3m).

Request for urgency

Ofgem guidance, December 2024

“ Our current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a. A significant commercial impact on parties, consumers or other stakeholder(s) or
- b. A significant impact on the safety and security of the electricity and/or gas systems or
- c. A party to be in breach of any relevant legal requirements.”

“ The imminent issue may be date related”

In Brockwell’s view

- The full year payment of TNUoS will have a significant commercial impact on Brockwell, and the imminent issue is date related, being 19 March 2025
- Therefore, urgency should be given
- NESO’s refusal to register the connection was “exceptional and unforeseeable”, setting this proposal apart from CMP445

Other comments

Other comments:

- The recent nature of the NESO delay distinguishes this proposal from CMP445
- The TOs will not be impacted as any revenue loss will be recovered through the correction factor
- Urgency was recently awarded to CMP448, raised by NESO, when the proposal relates to a date at least 10 and half months into the future
- In contract, the date facing Brockwell is mid March
- We consider that the proposal is simple and can therefore be expedited in terms of any workgroup and Ofgem consideration
- Given impending issuing of TNUoS bill, we have requested an implementation date prior to mid March, even if this makes the proposal retrospective
- We note Ofgem's comments (31 January 2025) on prioritisation
 - “ we encourage industry, ahead of raising any proposals, to consider the predictability and stability needed within the charging regime ...and to consider .. Whether the interest of consumers would be furthered by the raising of any additional proposals in the short term”
 - Brockwell considers that penalising generators for the failure of the TOs and NESO to connect will be a detriment to consumers and wider CP30 targets.
- We note Ofgem's comments on retrospectivity (in CMP445 Refusal of Urgency letter)
 - “We would take this opportunity to remind parties that they should generally avoid retrospective modifications, unless accompanied by justification, which is likely to involve exceptional circumstances”
 - Brockwell considers that these are exceptional circumstances, and justification has been provided for any retrospectivity

Proposer's Justification vs Ofgem's Urgency Criteria

The Proposer recommends that this modification should be treated as an Urgent Modification proposal and be assessed by a Workgroup.

Ofgem's Urgency Criteria	Proposer's Justification
a) A significant commercial impact on parties, consumers or other stakeholder(s).	<p>In the proposer's view, the full year payment of TNUoS will have a significant commercial impact on Brockwell - £1.3m - and the imminent issue is date related, being 19 March 2025. We expect that other projects are being similarly delayed – hence the proposal under CMP445 – but we are not able to quantify this impact.</p> <p>NESO's refusal to register the connection was “exceptional and unforeseeable”, setting this proposal apart from CMP445. The recent acknowledgement by NESO that they would take 2 months to make the system changes necessary to connect the wind farm means that connection – in March 2025 – will trigger a year of TNUoS charges. This therefore is an imminent commercial impact, in a way that could not have been foreseen. As such, we consider that urgency is justified.</p>
b) A significant impact on the safety and security of the electricity and/or gas systems.	N/A
c) A party to be in breach of any relevant legal requirements	N/A

CMP451 Critical Friend Feedback

Code Administrator comments	Amendments made by the Proposer
<p>The Code Administrator queried whether this modification has the same effect as CMP445</p> <p>Requested confirmation of interactions with other modifications</p> <p>Other typographical amendments</p>	<p>Proposer advised the solution is distinct from CMP445</p> <p>Proposer accepted all amendments made by the Code Administrator</p>

What do the CUSC Governance Rules say?

8.16.6 Subject to Paragraph 8.17A.8 and without prejudice to the development of a **Workgroup Alternative CUSC Modification(s)** pursuant to Paragraphs 8.20.13 and 8.20.18, the **CUSC Modifications Panel** shall direct in the case of (a), and may direct in the case of (b), the **Panel Secretary** to reject a proposal pursuant to Paragraph 8.16, other than a proposal submitted by **The Company** pursuant to a direction issued by the **Authority** following a **Significant Code Review** in accordance with Paragraph 8.17.6, if and to the extent that such proposal has, in the opinion of the **CUSC Modifications Panel**, substantially the same effect as:

- (a) a **Pending CUSC Modification Proposal**; or
- (b) a **Rejected CUSC Modification Proposal**, where such proposal is made at any time within two (2) months after the decision of the **Authority** not to direct **The Company** to modify the **CUSC** pursuant to the **ESO Licence** in the manner set out in such **CUSC Modification Proposal**,

and the **Panel Secretary** shall notify the **Proposer** accordingly.

CMP451 Proposed Urgent Timeline

Milestone	Date	Milestone	Date
Modification presented to Panel	24 February 2025	Code Administrator Consultation (10 Business Days)	10 June – 24 June 2025
Workgroup Nominations (3 Business Days)	24 February – 28 February 2025	Draft Final Modification Report (DFMR) issued to Panel (3 Business Days)	30 June 2025
Ofgem grant Urgency	27 February 2025 (5pm)	Panel undertake Recommendation Vote	04 July 2025
Workgroup 1 – 5 (assuming Ofgem have granted Urgency)	04 March 13 March 18 March 21 March 27 March	Final Modification Report issued to Panel to check votes recorded correctly	04 July 2025
Workgroup Consultation (10 Business Days)	02 April – 16 April 2025	Final Modification Report issued to Ofgem	04 July 2025
Workgroup 6 – 10 - Assess Workgroup Consultation Responses and Workgroup Vote	24 April 01 May 12 May 20 May 27 May	Ofgem decision	TBC
Workgroup report issued to Panel (3 Business Days)	03 June 2025	Implementation Date	TBC
Panel sign off that Workgroup Report has met its Terms of Reference	09 June 2025		

CMP451 Asks of Panel

- **AGREE** that this Modification has a clearly defined defect and scope
- **AGREE** that this Modification should proceed to Workgroup
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC
- **VOTE** whether or not to recommend Urgency
- **AGREE** timetable for Urgency
- **AGREE** Workgroup Terms of Reference
- **NOTE** next steps:
 - Under CUSC Section 8.24.4, we will now consult the Authority as to whether this Modification is an Urgent CUSC Modification Proposal
 - Letter to be sent to Ofgem 24 February 2025
 - Ofgem approval of Urgent treatment sought by 5pm on 27 February 2025
 - 1st Workgroup to be held 04 March 2025

Discussions on Prioritisation

- AGREE where new Modifications that need Workgroups are placed in the prioritisation stack

Any other business

Activities ahead of the next Panel Meeting

Panel Meeting

28 February 2025
Microsoft Teams

Close

Jon Wisdom

Acting Independent Chair,
CUSC Panel