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| **CUSC Alternative Form** |
| **CMP328 Alternative Request 3:**  **Connections Triggering Distribution Impact Assessment** |
| **Overview:** As per the Original, except to apply to all new connecting assets including, but not limited to, those from IDNOs, DNOs, TOs, OFTOs and Interconnectors (as well as Generation and Demand, which are part of the Original proposal) and with an alternative approach to defining when the DIA process would be triggered. |
| **Proposer:** Grahame Neale, National Grid ESO. |
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What is the proposed alternative solution?

Detailed business rules are to be developed for full details however in summary this alternative solution proposes two key amendments to the Original.

**Applicability to All New Connecting Assets**

The Original CMP328 solution as written currently means a Generator or Demand customer applying to connect a qualifying asset (>1MW) to the system would trigger the requirement for a Distribution Impact Assessment.

However if an IDNO, DNO, TO, OFTO or Interconnector sought to connect a similar qualifying asset at the same node, no DIA would be required. This alternative would apply the CMP328 Original solution requirements equally to all new connections (subject to the additional proposed change regarding applicability threshold below) inclusive of these additional parties’ assets and regardless of technology.

**Proposed Change**

This proposed change seeks to address a concern about undue discrimination and thus ensure both a level playing field and that cost reflective charging is applied.

The solution proposes that the DIA process will apply to all new connecting assets including but not limited to those owned (and possibly operated) by IDNOs, DNOs, TOs, OFTOs and Interconnectors (as well as those for generation and demand as per the Original).

**Applicability Threshold**

CMP328 Workgroup discussions have resulted in a proposal of eligibility criteria for triggering the DIA process which is partially reflective of the existing Statement of Works process; a DIA would be triggered by projects exceeding 1MW import/export capacity which may have a material impact on the distribution network.

This approach is not sufficient, as it does not take into account the potential differences and resource requirements in terms of potential impact of a new connectee. For example, a 50MW tertiary connection at a GSP is very different to a 1GW nuclear power station in terms of likely impact. It is unclear how an “affected DNO” is defined and therefore unclear how to assess which DNOs (beyond the immediate GSP connection location) should be contacted.

While thermal MW headroom considerations are a valuable, such values alone are a narrow representation of potential pinch-points. DNO-specific issues should factor in, such as:

* Fault rating headroom
* Thermal asset rating headroom
* Power quality/harmonics
* Voltage disturbance limits
* Reverse power flow issues
* Potential ANM scheme impacts
* Size of proposed connection in relation to existing demand/generation at that site

Additionally, the Original as written would see significantly increased workloads for all parties. For example, likely double-handling of contracts by TOs in response to DIA outcomes – also meaning additional fees for the applicant – and DNOs being burdened with additional transmission referrals and deadline obligations. Many DIAs would be performed in regions where it is clear to a DNO without the need for a DIA that there will be no material impact at the given GSP for the connection application and so a blanket approach is inefficient for all parties.

Applying the DIA process to all applicable demand connections also fails to ensure a level playing field in that demand connections to a DNO’s network have no need to make applications to NGESO to understand their impact on the transmission system, so it is unfair that a transmission demand connection would have this burden placed on them.

**Proposed Change**

NGESO believes a less general approach to any threshold is necessary – one which considers GSP-specific technical criteria within the requirements in order to address a wider range of potential constraints.

It is not possible to include specific numbers and ranges for any given criteria within this proposal or the CUSC as impact values will vary from GSP to GSP, however this proposal seeks to create a framework so that such figures would be agreed trilaterally between DNOs, NGESO, and TOs on a per-GSP basis. This could take the form of a live document hosted by NGESO, which is updated every 6 months (or alternative agreed frequency) based on data issued to NGESO by the associated DNOs.

As such, NGESO proposes that this alternative is developed by the workgroup. The process could include a one-off Request for Information (RFI) being created, containing a list of key impact criteria which the workgroup believes would be logical to consider for the enduring solution. This RFI would be issued to the DNOs to gather feedback on the proposed criteria and timeline for updating GSP-specific figures. The resulting modification would include a single agreed list of criteria encompassing all DNOs, the timeline for updating the GSP-specific figures, and confirmation of the DIA process only being triggered based on the live GSP-specific criteria thresholds being met and/or surpassed by a given connection application (including Modification Applications).

What is the difference between this and the Original Proposal?

It applies the Original solution to new connections for IDNOs, DNOs, TOs, OFTOs and interconnectors (as well as to new connections for Generation and Demand).

It also introduces a more appropriate approach to define when a DIA is triggered, minimising administrative burden and additional cost implications for industry and the consumer.

What is the impact of this change?

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| **Proposer’s Assessment against CUSC Non-Charging Objectives** | |
| **Relevant Objective** | **Identified impact** |
| (a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence; | **Positive:** Per Original, plus discharging licence obligations in a non-discriminatory and more efficient manner |
| (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; | **Positive:** Per Original, plus more level playing field of connecting asset types, and not needlessly burdensome on DNOs or connecting parties which have no material impact on network. |
| (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency \*; and | **None:** Ensures that the obligations placed upon the TSOs and DSOs within the Third Package and Clean Energy Package (as transposed into retained UK law) in respect of acting in a none discriminatory manner and applying cost reflective charges is complied with |
| (d) Promoting efficiency in the implementation and administration of the CUSC arrangements. | **Positive:** Ensures no needlessly burdensome additional administrative processes or diversion of resource |
| \*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER). | |

When will this change take place?

**Implementation date:**

To be discussed with the Workgroup however we would envisage this alternative proposal could be implemented twelve months after an Authority decision in line with the Original.

**Implementation approach:**

Post-implementation period will need to allow sufficient time for consequential STC and STCP Code changes, development of supporting/training materials for use by industry, changes and ESO/DNO/TO processes.

Acronyms, key terms and reference material

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| **Acronym / key term** | **Meaning** |
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**Reference material:**

None