



# CMP330 Workgroup Meeting 7 15<sup>th</sup> April 2021

# Review of actions:

Actions from Workgroup meeting 6:

- Workgroup Members to provide scenario/assessment examples via circulation by **COP 19 March 2021**. Closed
- Grahame and Andy will then look to complete by **26 March** and share with the Workgroup in advance of the next meeting. Closed and circulated to the Workgroup. To be discussed further on 15 April.
- Ofgem to provide their view on the alternative request raised by EnergieKontor by the next Workgroup.

# Comment 1

## **Workgroup member comment:**

CMP330 'Scenarios' tab states 'Proposal not looking to change charging boundary, but clarifying what works can be done contestably'

"This would appear to be at odds with the proposal and what was set out in the consultation which specifically sought views on amending the definition of Connection Assets such that by doing so, would permit greater scope for what works could be done contestably.

As discussed previously, by seeking an amendment to the 2km rule, which is part of definition Connection Assets, you are seeking to modify this definition.

Is the proposer is now stating something different? That being the case, is this not in line with what the SPT and NGET response which suggested that contestability could be extended where there is single user scenarios, regardless of length?

It is important we have clarity on this and what implications this has on the original proposal and subsequent consultation."

## **Response:**

The issue to be solved is what assets are contestable and not how they are paid for. Currently constable works and how they are paid for are combined and the Proposal for the modification is to remove this link.

# Comment 2

## Workgroup member comment:

Workgroup email states 'After further discussion with the Proposer, Shared Works are not to be progressed within this Proposal but they have been included for completeness'

"Why? It is these scenarios where the complexities and implications on TOs and other parties need to be fully considered and addressed"

## Another Workgroup member comment:

"The highlighted part on the Proposal says it is not looking to change the charging boundary. I thought that the scope was to move the boundary of what is TCA from the current limitation of 2kM to a potentially unlimited amount of length. By doing so, this would reclassify any build beyond 2kM from Sole Use to TCA and therefore changes the charging boundary. The 2 different approaches would have quite different consequences so would need to be clear which one is the scope."

## Response:

The Proposal is not looking to change the charging boundary, but clarifying what sole works can be done contestably (i.e. breaking link between how assets are paid for and delivered). The impact is only when sole works become shared which are covered within the scenarios.

The Proposal separates out what's contestable to how they are charged.



# Comment 3

## Workgroup member comment:

Example 2 'Multiple Users - Design (before construction)'

Comment applies to example 2 and for subsequent examples.

"Where party 1 has elected for contestable build of the sole user works, and the most economic and efficient solution for the TO is to connect a subsequent party into what was previously designated as sole user works for party 1, then I would argue this circuit in its entirety would be re-designated as 'shared' and in doing so, would no longer become subject to contestable build by either party. This example would also seem to suggest that Party 1 can continue to undertake the works for part of the circuit with the TO undertaking the remainder – we need to be careful that there isn't risk or concept of cherry picking of works introduced."

## Another Workgroup member comment:

When a 2nd party contracts to connect to the User built line, this would make the whole line a shared use asset and would not be able to split. This affects a number of the scenarios proposed and any shared use assets would be out of scope for contestable works.

Where a circuit becomes partly shared, the view of some Workgroup members is that the incumbent TO should take over the whole circuit and not just the part that is shared.

## Response:

Proposal is for the sole use elements to remain contestable. This is the view of some Workgroup members however the intent of the Proposal is to keep sole use works contestable even after part of the circuit has become shared.

# Comment 4

## **Workgroup member comment:**

“Key concerns remain where subsequent parties would be exposed to build risk of another party which they have no contractual relationship with. Parties seeking connection to the transmission network should only be exposed to TO build risk, unless otherwise agreed between parties and co-ordinated solutions are agreed on an open and transparent basis.”

## **Response:**

Agree that If the outcome of a project is a shared build then this transfers to become the incumbent TO risk and it's the TOs decision to decide the complete the works, as part completed by the User, or choose not to take on the works.

# Comment 5

## Workgroup member comment:

“Timing remains a key consideration to the impact on subsequent parties seeking to connect depending on the stage of party 1 who has elected self-build to ensure the TO can still comply with licence obligation to develop and co-ordinate and economic and efficient transmission system whilst ensuring greater customer choice is available where possible to facilitate with no detrimental impact on other parties.”

## Response:

Agree that timings can be challenging. However, this issue exists now, pre implementation of this Modification, with co-ordinated solutions other parties included in the discussions. Suggest that this issue is addressed within the Contestable Works Contract to ensure that the incumbent TO has the powers to take over the works should it be required. Expectation is for all parties to coordinate for an efficient whole system solution.

# Comment 6

## **Workgroup member comment:**

“Under the Scenarios tab it mentions Terminations and how User Commitment would still be applied but not to the Contestable works carried out by the User. If we take a scenario where User 1 is building the contestable where a 2nd party is also contracted to tee into. That 2nd party would not be exposed to the liabilities of the 1st party, however if 1st party terminates and passes the work over to the TO to continue with as its still the same design required to connect the 2nd party, how is this dealt with? Would the TO have to pay for the works that have been completed so far? If so, that would then become a liability for the

2nd party. If that 2nd party then does not wish to proceed as the security/liability is too high, they would be able to terminate without liability(if they did not agree to the contract variation). This would leave the TO with a stranded asset.”

## **Response:**

Note that assets are not automatically assigned to the TO. TOs to make the decision whether to take on a partly built asset or whether to start again from new. The TO is not obliged to adopt the asset. To be managed on a project by project basis by the TO.



# Comment 7

**Workgroup member comment:**

“Throughout the scenarios there is general reference to Sole Use works being completed by the User. Please can we be clear what element of these are TCA and which are actually Sole Use as these have very different funding arrangements for a TO (TCA=Direct, Sole Use=Indirect).”

**Response:**

For sole use, the funding arrangements for a connection asset direct/indirect are the same. It will cover both instances.

# Comments from Ofgem on alternative raised by EnergieKontor

‘Based on what we have seen so far, we think that there could be an argument that the WACM discriminates between users connecting at different voltages. However, we obviously aren’t able to provide any formal advice as we don’t want to fetter our discretion when it comes to us for a formal decision. Therefore, we believe it is up to the proposer to provide sufficient evidence to justify any proposed distinction in treatment between voltage levels in the final document. Some questions for the WG to consider in this respect:’

- What is the justification for applying this change to 132kV only? For example: how are 132kV specifically negatively impacted by the existing rule?; how does this compare with the (perceived) detriment experienced by other voltage levels?
- What would be the impacts of such a change? For example: If 132kV and 275/400kV are competitors, would 132kV competitors have a competitive advantage as a result of this change? Similarly, if 132kV in Scotland competes with 132kV in England and Wales, how would this change impact the existing landscape and playing field

