

Code Administrator Consultation Response Proforma**CMP328: Connections Triggering Distribution Impact Assessment**

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@nationalgrideso.com by **5pm on 18 October 2021**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Paul Mullen paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
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I wish my response to be:

(Please mark the relevant box)

☒ Non-Confidential☐ Confidential

Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

For reference the Applicable CUSC (non-charging) Objectives are:

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- Promoting efficiency in the implementation and administration of the CUSC arrangements.*

**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).*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions

1	<p>Do you believe that the CMP328 Original Proposal or WACM1 or WACM2 better facilitates the Applicable Objectives?</p>
	<p>We believe WACM2 better meets the applicable objectives (A, B and on balance D) as DIA referrals would be based on each DNO's assessment of the network capabilities and space for additional connections at each GSP, which would be made transparently available to users prior to application for connection. WACM2's approach is more transparent, more proportionate, and reduces unnecessary referrals, whilst also better supporting users with limited resources.</p> <p>However, WACM2 does not conclude in a formal DNO Works Offer to NGESO for the required changes to the DNO's system. This means consequential contractual changes in NGESO-DNO bilaterals would be required as a separate exercise. In respect of objective D, this counts against WACM2 when considered against the baseline.</p> <p>We believe all solutions are neutral to objective C.</p> <p>WACM2</p> <p>WACM2 is broadly consistent with the approach proposed for transmission impact assessments in CMP298. CMP298 proposes to use site-specific thresholds rather than a fixed (1MW) threshold for DNO referrals to NGESO.</p> <p>WACM2 similarly reduces unnecessary referrals, and attendant assessment charges for the user, through the upfront provision of information, allowing users to understand DNO network bottlenecks likely to impact on the cost and timescales associated with a potential transmission connection.</p> <p>We believe much of the DNO network data required by CMP328, that is not yet transparently available, should already exist for the reason that highly utilised DNO assets require greater scrutiny to ensure compliance with other licence and statutory requirements relating to asset capability, safety and suitability.</p> <p>Importantly WACM2 would enable users to avoid transmission applications that are likely to trigger significant DNO upgrade works. Neither the Original nor WACM1 facilitate such user decision making <i>before</i> submitting an application.</p> <p>WACM1</p> <p>Setting timescales for a DNO impact assessment is an improvement on baseline. However, leaving the lead responsibility with the third-party user means WACM1 is less effective than the Original or WACM2 because of the variability of each user's resources to progress directly DNO, making WACM1 poorer in respect of objectives A and D.</p> <p>The majority of the working group felt that WACM1 is not the right approach to capturing commercial undertakings for non-build solutions and that such solutions needed directly contracting between DNO and NGESO, leaving WACM1 providing a somewhat incomplete and inefficient solution. NGET believe any non-build solutions, such as contractual constraints, should expire when future DNO network development should fairly enable the removal of the non-build restrictions. We believe NGESO-DNO bilaterals would be a better place to manage such changes and WACM1 cannot deliver this outcome, and is therefore poorer in respect of objectives A and D.</p> <p>WACM1 is likely to favour users who have access to greater resources and therefore leaving the lead role with the user can distort in generation competition, making WACM1 poor in respect of objective B.</p>

		<p>Original</p> <p>The Original, revised after receipt of WACM2, is incomplete as it does not explain how, if at all, the flexing of the 1MW referral threshold is to consistently occur, despite verbal assurances from DNOs that flexing of the threshold will occur.</p> <p>We believe the referral threshold needs to be flexed as a norm to avoid unnecessary referrals and delays for all transmission applications.</p> <p>Under the Original proposal DNO data relating to network capability and space for additional connections, to determine if referral is not required, is not published in advance. Users will therefore have no foresight of likely complications. The Original does not enable the user to avoid distribution constrained locations.</p> <p>The lack of prior DNO data and absence of consistent waiving of referral thresholds makes the Original poorer in respect of objectives A and D.</p> <p>The lack of visibility of DNO data for a user, prior to application, leads to risks of poorer connection choices being made with otherwise avoidable distribution network upgrade costs falling upon the transmission user. For smaller transmission users, the accumulation of costs, that could be avoidable with advanced knowledge of the DNO network, impacts more severely and risks distorting competition in generation. We consider the Original poorer in respect of objective B for this reason. This is particularly sensitive given distribution upgrade costs currently fall disproportionately upon transmission users causing distribution upgrade works (compared to the same reinforcements triggered by a distribution user).</p>
2	Do you support the proposed implementation approach?	<p>Not entirely.</p> <p>At this time, we believe setting out a deadline for implementation, prior to a defined and quantified STC/STCP implementation and timeline, is problematic.</p> <p>Whilst we would support WACM2, critically, the related STC proposals have not yet been brought forward to provide assurance that a 12-month implementation is appropriate. We note a 2-year implementation is proposed for CM298 for example.</p> <p>In terms of our preferred option, WACM2, we note that establishing transparent DNO network data may require more work than evolving the existing third party works approach (WACM1) or the fixed MW referral approach (Original). Neither the Original nor WACM1 make DNO network data transparent available in advance of transmission connection application, that might efficiently deter user applications for connection in less economic locations.</p> <p>Increasing transparency on distribution network capability brings significant broader benefits to potential users, and we believe the additional effort and implementation time for a more transparent outcome is worthwhile.</p>
3	Do you have any other comments?	<p><u>STC</u></p> <p>We have yet to see proposals tabled for the DIA implementation in SO-TO processes. STC modification, and any alternate STC proposals that may arise, should be reasonably well developed and assessed in parallel.</p> <p>We believe Ofgem should be able to consider the totality of the cross code package of impacts and benefits and at this time we do not believe that could be delivered, given STC modification works have not yet been proposed.</p>