








| CUSC Modification Proposal Form  |  | At what stage is this document in the process?   |
|--|--|--|
| <h1>CMP328:</h1> <h2>Connections Triggering Distribution Impact Assessment</h2>  |  | <div>01 <b>Proposal Form</b></div> <div>02 Workgroup Consultation</div> <div>03 Workgroup Report</div> <div>04 Code Administrator Consultation</div> <div>05 Draft CUSC Modification Report</div> <div>06 Final CUSC Modification Report</div> |
| <p><b>Purpose of Modification:</b> There are cases where Transmission connections can have an impact on the Distribution system. An example of this is the connection of generation to the tertiary winding of the Grid Supply Point (GSP). In these cases, the Distribution Network Operator (DNO) must carry out an impact assessment to identify any impact on the Distribution system and any operational restrictions that may be required, NGESO propose to utilise the Third Party Works process to facilitate this process; however, there are significant shortfalls in applying the Third Party Works process in this scenario.</p> <p>This modification proposes to put in place an appropriate process to be utilised when any connection triggers a Distribution impact assessment. Ensuring the process in place for such connections, best reflects the necessary contractual relationship of parties involved.</p> |  |  |
|   | <p><b>The Proposer recommends that this modification should be:</b></p> <ul style="list-style-type: none"> <li>assessed by a Workgroup and follow the Standard Governance route</li> </ul> <p>This modification was raised 28 November 2019 and will be presented by the Proposer to the Panel on 13 December 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p> |  |
|   | <p><b>High Impact:</b> None</p>  |  |
|   | <p><b>Medium Impact</b> Distribution Network Operators (DNO) and NGESO.</p>  |  |
|   | <p><b>Low Impact</b> Transmission Users. This proposed CUSC Modification would only affect those who connect in the future. It will have no impact on those already connected.</p>   |  |

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| <b>Timetable</b>   |               |
| <b>The Code Administrator recommends the following timetable:</b> <i>To be confirmed at 1<sup>st</sup> Workgroup</i> |               |
| Initial consideration by Workgroup   | dd month year |
| Workgroup Consultation issued to the Industry  | dd month year |
| Modification concluded by Workgroup  | dd month year |
| Workgroup Report presented to Panel  | dd month year |
| Code Administration Consultation Report issued to the Industry   | dd month year |
| Draft Final Modification Report presented to Panel   | dd month year |
| Modification Panel decision  | dd month year |
| Final Modification Report issued the Authority   | dd month year |
| Decision implemented in CUSC   | dd month year |


 **Any questions?**


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**TBC**

 **TBC**

 **TBC**

## Proposer Details

|  |   |
|--|---|
| <b>Details of Proposer:</b><br>(Organisation Name)   | Scottish and Southern Energy Power Distribution Limited                 |
| Capacity in which the CUSC Modification Proposal is being proposed:<br>(i.e. CUSC Party, BSC Party or "National Consumer Council")                                 | CUSC Party  |
| <b>Details of Proposer's Representative:</b><br>Name:<br>Organisation:<br>Telephone Number:<br>Email Address:  | Catherine Falconer<br>SSEN<br>01738456229<br>Catherine.falconer@sse.com |
| <b>Details of Representative's Alternate:</b><br>Name:<br>Organisation:<br>Telephone Number:<br>Email Address:   | Susanne Laing<br>SSEN<br>01738453570<br>Susanne.laing@sse.com           |
| <b>Attachments (Yes/No):</b> Yes<br><b>If Yes, Title and No. of pages of each Attachment:</b> Appendix 1: High level Process for Enduring Contractual Relationship |   |

## Impact on Core Industry Documentation.

Please mark the relevant boxes with an "x" and provide any supporting information

|                  |                                     |
|------------------|-------------------------------------|
| <b>BSC</b>       | <input type="checkbox"/>            |
| <b>Grid Code</b> | <input type="checkbox"/>            |
| <b>STC</b>       | <input checked="" type="checkbox"/> |
| <b>Other</b>     | <input type="checkbox"/>            |

May be cross code impact as STC must align with CUSC

## 1 Summary

### Defect

Currently within the CUSC there is no mechanism or specific process covering arrangements for Transmission connections that could have an impact on the Distribution system. NGESO have proposed utilising the Third Party Works process for this purpose. The Third Party Works process is not fit for this purpose and the defect identified, is the lack of a robust process to be used when a transmission connection triggers a distribution impact assessment.

### What

Section 2.16 of Schedule 2; Exhibit 3 Third Party Works is to be amended to include wording that excludes the use of Third Party Works process when a connection triggers a Distribution impact assessment.

Section 6.9.3 Modifications Proposed by The Company is to be amended to include wording providing an appropriate process for such connections, ensuring DNO obligations are ratified through enduring contractual bilateral relationships.

Section 11 Interpretation and Definitions is to be amended to include a definition of Distribution Impact Assessment.

### Why

Without this modification there is not an appropriate process in place as a means of facilitating connections that trigger Distribution impact assessments.

To facilitate these connections, operational requirements must be included in enduring bilateral contractual relationships, ensuring the efficient management of the system. Under the Third Party Works process, there is no enduring contractual relationship between the DNO and the Transmission connected user and importantly no mechanism for the DNO to manage the connection in response to situations such as constraints or faults. It is also considered appropriate that a charge is levied and appropriate timescales set for the impact assessment to be carried out by the DNO.

### How

This modification proposes to modify section 2.16 Third Party Works, section 6.9.3 Modifications Proposed by The Company and Section 11.3 of Interpretation and Definitions of the CUSC. In section 2.16, it is proposed that a new paragraph is added to exclude the use of the Third Party Works process for a connection triggering a Distribution impact assessment. Section 6.9.3 is proposed to be amended to allow for timescales and a fee to be payable to the impacted DNO for the works required to be undertaken by the DNO in order to facilitate the Transmission connected user and a new paragraph to be inserted with wording to facilitate the ratification of contractual obligations through the two existing bipartite contractual arrangements. A new definition is proposed to be added to Section 11.3 to define the term "Distribution impact assessment".

These are the initial thoughts however, we would ask that the Workgroup defines the process.

## 2 Governance

### Justification for Normal Procedures

This modification proposal should follow the Normal CUSC governance process. NGESO is already in contract to connect a number of developers to tertiary windings with requirement for enduring conditions which have not yet been captured. It will require assessment by a working group to allow the most appropriate solution to be determined, the legal text to be developed and allow any associated issues to be explored.

### Requested Next Steps

This modification should:

- Be assessed by a Workgroup

We believe that this proposal be assessed by a Workgroup to develop the solution and legal text.

### 3 Why Change?

Without this modification, the CUSC does not have an appropriate process in place as a means of facilitating Transmission connections that could have an impact on the Distribution system. An example of such a connection is the NGESO offering Generators a connection to a tertiary winding within a GSP which is shared with the DNO. In this example, the NGESO propose to utilise the Third Party Works process as a means to facilitate the connection which is neither appropriate nor efficient. The Third Party Works process relies on the DNO having a direct bilateral relationship with the Transmission connected User which in such connections is inappropriate, with the Transmission Connected User connecting directly to the Transmission system rather than the Distribution system.

Third Party Works process is suitable for facilitating one-off tasks to be undertaken by a DNO, such as the diversion of assets, where there are no ongoing requirements beyond the completion of the task. However, it does not allow for a timescale for the Distribution impact assessment to be undertaken, the recovery of the costs associated with the assessment, or provide for the enduring contractualisation of conditions identified as necessary resulting from the assessment. Connections triggering Distribution impact assessments may identify requirement for an enduring contractual relationship to be in place, to provide for the operational solutions such as constraint and fault level management which may be necessary for such connections.

As there is no direct relationship between the DNO and the Transmission connected User, without this modification it is unclear on what basis Distribution obligations would be ratified. The operational solutions required to facilitate such connections require an ongoing contractual relationship which is best facilitated via the existing contracts between the DNO and NGESO and then NGESO and the other Transmission connected user. From a whole system perspective, it is important to have the appropriate contractual relationships in place which reflect the shared responsibilities which are needed to deliver a coordinated and efficient electricity system.

## 4 Code Specific Matters

### Technical Skillsets

The Working Group should include members with a well-developed understanding of connections, Section 6 and Schedule 2 Exhibit 3 of the CUSC.

### Reference Documents

- The CUSC Section 6; and
- The CUSC Schedule 2 Exhibit 3 Construction Agreement

## 5 Solution

This modification proposes to amend the aforementioned sections of the CUSC as indicated in the red text as follows:

### **Schedule 2 Exhibit 3, Construction Agreement**

#### **2.16 Third Party Works**

**2.16.1** The **User** shall be responsible for carrying out or procuring that the **Third Party Works** are carried out and shall carry them out or procure that they are carried out in accordance with the timescales specified in the **Construction Programme**. The **User** shall confirm to **The Company** or, where requested to do so by **The Company**, provide confirmation from the third party that the **Third Party Works** have been completed.

**2.16.2** Given the nature of these works it may not be possible to fully identify the works required or the third parties they relate to at the date hereof. Where this is the case **The Company** shall, subject to 2.16.3 below, advise the **User** as soon as practicable and in any event by [ ] of the **Third Party Works** and shall be entitled to revise Appendix N and as a consequence the **Construction Programme** as necessary to reflect this.

**2.16.3** Where **Third Party Works** are likely to be **Modifications** required to be made by another user(s) ("the **First User(s)**") as a consequence of **Modifications** to the **National Electricity Transmission System** to be undertaken by **The Company** under this **Construction Agreement** **The Company** shall as soon as practicable after the date hereof issue the notification to such **First User's** in accordance with **CUSC** Paragraph 6.9.3.1. The **User** should note its obligations under **CUSC** Paragraph 6.10.3 in respect of the costs of any **Modifications** required by the **First User(s)**.

**2.16.4** In the event that the **Third Party Works** have not been completed by the date specified in the **Construction Programme** or, in **The Company's** reasonable opinion are unlikely to be completed by such date, **The Company** shall be entitled to revise the **Construction Programme** as necessary to reflect such delay and also, where **The Company** considers it necessary to do so, shall be entitled to revise the **Construction Works** (and as a consequence Appendices A and B to the **Bilateral Connection Agreement**). For the avoidance of doubt such revisions shall be at **The Company's** absolute discretion and the consent of the **User** is not required. Further, in the event that the **Third Party Works** have not been completed by [ ] **The Company** shall have the right to terminate this **Construction Agreement** upon giving notice in writing to the **User** and in this event the provisions of Clause 11 of this **Construction Agreement** shall apply.

**2.16.5** **Third Party Works** process is excluded from use by **The Company** where in the companies reasonable opinion the connection may trigger the requirement for a **Distribution Impact Assessment** to be carried out by a **User** who is also a Distribution Network Operator. In such circumstances the Modification process in accordance with **CUSC** Paragraph 6.9.3 shall be adhered to.

### **6.9.3 Modifications Proposed by The Company**



6.9.3.1 If **The Company** wishes to make a **Modification** to the **National Electricity Transmission System**, **The Company** shall complete and submit to each **User** a **Modification Notification** and shall advise each **User** of any works (including where applicable any **OTSDUW** or changes to **OTSDUW**) which **The Company** reasonably believes that **User** may have to carry out as a result.

6.9.3.2 Any **User** which considers that it shall be required to make a **Modification** as a result of the **Modification** proposed by **The Company** (a “**Modification Affected User**”) may as soon as practicable after receipt of the **Modification Notification** and (save where the **Authority** consents to a longer period) within the period stated therein (which shall be sufficient to enable the **User** to assess the implications of the proposed **Modification** and in any event shall not be less than 3 months) may make an application to the **Authority** under Standard Condition C9 of the **Transmission Licence**.

6.9.3.3 As soon as practicable after the receipt of the **Modification Notification** or, if an application to the **Authority** has been made, the determination by the **Authority**, and in any event within two months thereof, each **Modification Affected User** shall complete and submit a **Modification Application** to **The Company** and comply with the terms thereof. No fee shall be payable by any **User** to **The Company** in respect of any such **Modification Application**. *A fee shall be payable by The Company to the User in respect of any such Modification Application.*

6.9.3.4 Once a **Modification Application** has been made by a **User** pursuant to Paragraph 6.9.3.2 the provisions of Paragraph 6.9.2.2, 6.9.2.3 and 6.9.2.4 shall thereafter apply.

6.9.3.5 Where a **Modification** proposed by **The Company** requires an enduring contractual amendment with another User NGESO will ensure contractual obligations are ratified through the two **BCAs**.

### **11.3 Definitions**

“Distribution Impact Assessment” The process undertaken by **The Company** to understand the effect of a **Relevant Embedded Power Station** on the **Distribution System**.

## 6 Impacts & Other Considerations

### **Details of any potential cross-code, consumer or environmental impacts and attach or reference any other, related work.**

We believe that there may be cross code implications for the STC from this proposal.

### **Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?**

We believe there is currently no Significant Code Review (SCR) underway which impacts upon this proposed modification.

### **Consumer Impacts**

This modification is intended to provide a significant benefit to Consumers. It will establish a process which is fit for purpose, with timescales being agreed and costs known upfront for the consumer. It allows for a linear process with a single point of contact for the consumer and a single company to deal with. It utilises existing contractual arrangements reducing the risk that contracts will cut across each other.

Customers could consider that they would lose an element of control in the process with NGESO acting as the intermediary between the DNO and themselves. However, this is appropriate for a Transmission connection, where the customer would not normally have any direct relationship with the DNO. This would also align with the existing equivalent process for Distribution connections that may have an impact on the Transmission system. In these cases, the DNO acts as the intermediary between the customer and NGESO to identify any impacts on the Transmission network, with no direct relationship between the customer and NGESO.

## 7 Relevant Objectives

### Impact of the modification on the Applicable CUSC Objectives (Standard):

| 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.<br><br>The current use of Third Party Works process is not efficient when applied to connections which require distribution impact assessment. |
| (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.<br><br>Creates opportunities for generation to connect at both Transmission and Distribution.  |
| (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and  | None.  |
| (d) Promoting efficiency in the implementation and administration of the CUSC arrangements.   | Positive.<br><br>The new process will promote efficiency through the use of existing bilateral contractual relationships.                                |

\*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).

## 8 Implementation

As soon as reasonably practicable. These offers are currently being made with no facility to contract for them.

## 9 Legal Text

Legal text to be developed by the working group.

## 10 Recommendations

### Proposer's Recommendation to Panel

- Panel is asked to: Agree that standard governance procedures should apply
- Refer this proposal to a Workgroup for assessment