

CUSC Alternative Form

CMP376 WACM6: M7-M8 milestone duration adjustment; plus apply CUSC QM policy to both new and existing Users at implementation

Overview: An adjustment to the proposer's milestone duration for M7 Project Commitment and M8 Project Construction for CMP376 and to also apply the CUSC Queue Management additionally to existing signed construction agreements at implementation date, via a phased implementation approach (as proposed via WACM7), as well as per the original solution, to any new applications and Modification Applications submitted to the ESO after the implementation date.

Proposer: Richard Woodward - NGET

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What is the proposed alternative solution?

As per the proposer's original solution, except that the M7 Project Commitment and M8 Project Construction milestone compliance duration is 'bilaterally negotiated' for all projects, rather than a fixed duration specified. Additionally, this WACM seeks to implement the CUSC QM policy to existing signed construction agreements at implementation date, via a phased implementation approach (as proposed via WACM7), as well as per the original solution - to any new applications and Modification Applications submitted to the ESO after the implementation date.

What is the difference between this and the Original Proposal?

From a TO perspective, we do not believe the current proposal for M7 (and consequently M8) leads to User readiness which equitably aligns to the significant investment decisions being taken by Onshore TOs. This is a vital component for a Queue Management policy from our perspective.

Given the ongoing challenges we are currently experiencing with national/international supply chains, the original proposal would lead to network licensees and end consumers bearing a disproportionately high risk of stranded investment - should connecting customers not turn up. The M7 milestone in particular is vital – in our view - to give us certainty to place equipment orders with manufacturers, ensure sufficient time to take delivery and transport assets to site, before installing and commissioning them for Users.

However, we also do recognise that the scope/scale of transmission works needed to connect a User will vary. Consequently, we believe that forming a milestone duration for M7 and M8 to satisfy both TO and User requirements, as per the original, could be arbitrary, or at worst disproportionate. By following that approach, some Users could potentially face an overly onerous compliance obligation, whilst on the other hand some Users could be insufficiently committed from a TO perspective.

We would therefore recommend extending the application of 'bilateral agreement' (as being applied for 1 year out) to all milestone tiers for M7 and M8. To support this, we could prepare supporting TO guidance on the likely lead time of projects, helping to manage User expectations as to what bilaterally negotiated timescales could look like. We would keep this under review, making amendments as/when supply chain pressures alleviate, or when other innovations help to improve these timings.

Also apply the Queue Management Process and milestones to all signed construction agreements (where the Completion Date is more than two years away on the implementation date), as well, as per the original solution, to any new applications and Modification Applications submitted to the ESO after the implementation date.

What is the impact of this change?

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 – ensures that connections arrangements are facilitated more efficiently and economically than the baseline and the proposer's original.
(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: Ensures earlier viability of developer projects, leading to greater certainty of future connections and less risk of capacity hoarding.
(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.	None
*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.	

When will this change take place?

Implementation date:

As per Original

Implementation approach:

As per WACM7.

Acronyms, key terms and reference material

Acronym / key term	Meaning
TO	Transmission Owner
WACM	Workgroup Alternative CUSC Modification

Reference material:

None