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Dear Paul,

**Code Administrator Consultation: CMP376 Inclusion of Queue Management process within the CUSC**

This response is from SP Transmission (SPT). SPT owns and maintains the electricity transmission network in Central and South Scotland (SP Transmission plc). Section 9 of the Electricity Act 1989 (EA '89) and the terms of SPT's Transmission Licence obligations require us to develop and maintain an efficient, coordinated and economical, onshore electricity system. We are also required by Licence to design and provide connection offers to the ESO for parties that apply to connect to the transmission system in our Licence area.

We continue to support the introduction of a formal Queue Management process, and agree that active management of contracts is the right thing to do for the consumers, connecting parties, and the wider electricity system. We agree that there is likely to be a high attrition rate for capacity currently contracted to connect to the transmission system. Given increasingly ambitious government targets, including the updated 50GW offshore wind by 2030 goal, as well as the high constraints being experienced on the system, Queue Management is required urgently as part of the toolkit that will enable more efficient management of new and existing connections, system resources and the delivery of government targets.

We think it is important that once an objective decision has been taken against the specific Queue Management milestones and a project has been found not to have complied with the terms, that it is clear that the contract is terminated in its entirety, and the queue position is provided to another party. A new application is the appropriate way for the terminated party to re-enter the queue if required. We understand the consideration to projects that may take fresh impetus from being under review against their milestones (and corresponding compliance with those) and may wish to explore the option of taking a position further back in the queue – however there are immediate disadvantages/prejudice to projects in those potential positions, and we doubt that clear and unambiguous assessment criteria could be developed for such scenarios. The reality is that projects which are terminated for not

meeting their milestones (and absent a qualifying and valid reason for the project not to have progressed) have been afforded significant time already and the process will only achieve its key aims if the outcomes are completely effective and clear in consequence. We therefore do not support WACMs 8 and 9 as they defeat the purpose of an effective Queue Management clause.

To ensure the Queue Management process is as fair and effective as possible, it requires consistent application across projects. Both new and existing projects should therefore be subject to Queue Management clauses, ensuring no party is prejudiced by the arrangements, and that consumer and system benefits from removing stalled projects from the queue are fully realised.

Given the recent publication of the ESO's Five Point Plan, we consider that an effective Queue Management policy will be of significant benefit to the promotion and success of any future TEC Amnesty and the outcomes of the Transmission Review Work which will inform the updated Construction Planning Assumptions. Any process that is designed to "decongest" the system will assist with the reduction of projects that are not viable, and in turn supplement the promotion and progression of those that are objectively credible by evidence of meeting the agreed project milestones. Whilst no process is infallible, we believe that a robust policy on this will also strengthen other industry objectives and initiatives, most notably the work being undertaken by the ENA in the Strategic Connections Group, which is examining both queues at distribution and transmission level, and is looking to effect solutions with the same principle aim as CMP376 – freeing up capacity to allow for quicker connections. The momentum that this would put behind collective Net Zero objectives is trite and obvious, but the benefit for consumers in the rationalisation of reinforcement works on the GB system at all voltage levels and the subsequent economic recalibration in terms of cost and priority of deployment of resource (both financial, human and material) cannot be overlooked.

We think that the safeguards around the process are sound and that (i) the contractual safeguards, i.e. circumstances outwith the reasonable control terms; (ii) advance notice to a party who is in default with opportunity to remedy; and (iii) the escalation of a decision to terminate to a point of escalation within the ESO, provide reasonable safeguards for connecting parties. We would note that SP Transmission would also make this a decision point of escalation and that only after an objective review of the project status and the circumstances would the decision be made. This is a reasonable and prudent approach and is one that SP Transmission included within its bespoke Queue Management clauses for the ESO Pathfinder Competition in 2020. After undertaking bilateral engagement to canvas opinion on our approach, we found customers to be supportive of this, keeping the balance between what some regarded as commercial overreach, at the same time as retaining a key contractual term that would have real benefit for customers in overall queue position.

In order to make the Queue Management process effective, it is clear that the performance and compliance criteria need to be clear and enforceable. It is not in any party's interests to make overcomplicate the process by trying to anticipate or plan for every eventuality. The evidence that a customer will provide by way of update at regular project portfolio meetings will become critical to this process, but it should not stop candid and transparent communication and exchange of information. Transmission Owners are themselves involved in projects of scale and complexity, and the progression and construction milestones are representative of key project milestones that our project managers will be fully experienced with. Indeed, we consider Queue Management a positive touchpoint for projects, as it opens a further channel for innovation in the exchange of experiences and practical solutions to common problems in the progression of these activities. The formal identification of these milestones will add focus to the agenda for these items, and we do not consider that a party who has a credible project with dedicated resource will have any issue with demonstrating progress against these

milestones, or to provide a rational explanation as to status, challenges or legal issues (such as planning appeals) that SP Transmission may not be aware of.

The use of transparent and agreed existing industry process for the mechanics will be important in the deployment and use of this process. As such, the termination of TOCOs/BCA process can be used to establish final liabilities for parties in default, however where these connections are linked to reinforcement (and/or the reclassification of assets as connection/reinforcement and attributable/enabling becomes problematic) then direction from Ofgem should be sought and provided. This becomes very relevant where securities are provided and/or are due to be increased under CMP192. We note the position on Modification Applications being used to avoid securities and are generally supportive of the approach under the amended Original Proposal here. We do think that this particular section will require close scrutiny to prevent avoidance of the milestones being effected in contracts.

Regarding the WACMs set out in the consultation, as detailed above, SPT does not support WACMs 8 and 9, as they defeat the purpose of an effective Queue Management clause. We do, however, note our support WACMs 3, 4, 5 and 6, which are each sensible supplements to the Original Proposal.

Please do not hesitate to reach out should you wish to discuss any of the issues raised in this letter.

*Gareth Hislop*

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