

Workgroup Consultation Response Proforma**CM094: Amendment to Bi-annual estimate provisions**

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 stcteam@nationalgrideso.com by **5pm on 14 February 2024**. 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 Milly Lewis milly.lewis@nationalgrideso.com or stcteam@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Joe Colebrook	
Company name:	Innova Renewables	
Email address:	Joe@innova.co.uk	
Phone number:	020 3523 9560	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network <input type="checkbox"/> Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

I wish my response to be:

(Please mark the relevant box)

☒ **Non-Confidential** (this will be shared with industry and the Panel for further consideration)

☐ **Confidential** (this will be disclosed to the Authority in full but, unless specified, will not be shared with the Workgroup, Panel or the industry for further consideration)

For reference the Applicable STC Objectives are:

- efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act
- development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission
- facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity
- protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees
- promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.
- facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;
- compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

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

Standard Workgroup Consultation questions				
1	Do you believe that the Original Proposal better facilitate the Applicable Objectives?	<p>Mark the Objectives which you believe the solution better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E <input type="checkbox"/>F <input type="checkbox"/>G</td> </tr> </table> <p>Neutral for all, see comments below as I do not believe the proposal is fit for purpose in its current form.</p>	Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F <input type="checkbox"/> G
Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F <input type="checkbox"/> G			
2	Do you support the proposed implementation approach?	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> <p>I am unsure whether to support this proposal. I agree some projects have large Cancellation Charge Secured Amounts and this is creating a barrier to entry for new connections, but I do not believe the proposer has fully thought through the defect or the proposed solution.</p> <p>CMP192 was proposed to take account of transmission capacity sharing between power stations and significantly reduced the payments users had to make to ESO throughout the lifetime of the project, is this an issue with final sums and therefore being addressed by CMP417 and CM093 or is this an issue with the User Commitment Methodology and therefore requires a change to Section 15 of the CUSC.</p> <p>If CMP417 and CM093 are approved then Final Sums would no longer be relevant for securing transmission works, in this case, I believe it would be more appropriate and simpler to raise a CUSC modification that changes Section 15 of the CUSC. I am concerned this modification is adding additional steps and additional legal text to the code rather than modifying or removing existing legal text, and therefore it is not simplifying the codes but making them more complex.</p> <p>I think the workgroup should review CMP192 and Section 15 of the CUSC in its entirety before proceeding to the Code consultation.</p> <p>I would like the Work Group to consider if this is a code defect or an operational defect. I am concerned Section 15 of the CUSC is not being correctly applied by the ESO and Transmission Owners. I would like a review to be completed by the ESO and the Transmission Owners to be completed to confirm if section 15 of the Connections and Use of Systems Code (CUSC) is being applied correctly. I am aware of many instances where NGET and the ESO have not calculated the</p>		

		correct SIF and LARF factors, or have not updated the spend to date promptly, or due to multiple customers connecting, have over-secured >100% of the costs incurred to date.
3	Do you have any other comments?	<p>The report uses colloquial terms such as 'securities'. The report should use terms that are already defined in the CUSC and STC so it is easy to reference existing codes when reviewing this proposal. The defined term for securities is 'Cancellation Charge Secured Amount'.</p> <p>Attributable work is not a methodology for calculating 'securities'. Attributable work is a concept that is part of the User Commitment Methodology. As detailed in section 15 Part One of the CUSC a User will either use User Commitment Methodology or Final Sums to calculate the payments that a User needs to make to the ESO. User Commitment Methodology needs to be clearly summarised in the report to allow a reader to evaluate the proposal.</p> <p>The proposer's summary of Final Sums is misleading. Both Final Sums and User Commitment Methodology include all reinforcement works that are, or will be, under construction. User Commitment Methodology is different because it includes concepts such as Strategic Investment Factor (SIF), and Local Asset Reuse Factor (LARF) that were introduced to ensure Users did not secure investment above the needs of their project.</p> <p>It might be helpful for the proposer to include a link to the ESO security guidance document. https://www.nationalgrideso.com/document/188276/download</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p><input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input checked="" type="checkbox"/> No</p> <p>Click or tap here to enter text.</p>

Specific Workgroup Consultation questions

5	Do you agree that the Construction Approval should be based on the needs case approval rather than funding approval?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The workgroup report should use the terms Initial need Case (INC) and Final Needs Case (FNC) as these are terms used by the Authority in its decision letters. It is not</p>
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		clear if the term 'needs case' in the consultation report refers to INC or FNC or both.
6	Do you agree that it's non material when customers contract?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The date a customer applies for a connection will determine the enabling works that are needed to facilitate the connection. The enabling works depend on other customers connecting as well as other network needs e.g. new 400kV circuits or new Super Grid Transformers for distribution networks.</p> <p>Assuming the enabling works stay the same then the date the customer applies for an offer or accepts an offer does not change the Cancellation Charge (i.e. liability) and therefore the Cancellation Charge Secured Amount (i.e securities).</p>
7	Do you agree that the next security period is a reasonable time for the change?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Yes, this seems reasonable.</p>
8	Is it clear that prior to Construction Approval (needs case) that customers will still need to provide securities for construction works?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Yes, this is clear and seems reasonable.</p>
9	Does the legal text satisfy the intent of the modification in improving the security process in a transparent way?	<input type="checkbox"/> Yes <input type="checkbox"/> No <p>Ofgem uses the terms Initial Needs Case (INC) and Final Needs Case (FNC) when considering enablement projects that come under business plan reopeners as part of the price control frameworks. Would one or more of the terms Initial Needs Case, Final Needs Case, business plan, or price control frameworks be a more appropriate term to use in the definition of Construction Approval?</p> <p>I don't understand the use of the term 'waives its rights'. This sounds ambiguous and suggests the Transmission Owner can choose to include works that have received construction approval. Would it not be simpler to say the 'Transmission Owner shall not include the costs associated with the Construction Works which have received a Construction Approval'.</p> <p>When thinking about interactions with other codes it would make more sense to just change the definition of</p>

		attributable liability and wider liability to not include works that have Construction Approval.
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