

**CUSC Alternative Form – Non Charging**

# CMP434 Alternative Request 1:

**Overview:** Firm access only available to projects that are fully formed and formally in the planning process.

**Proposer:** Simon Lord, Engie

☒ I/We confirm that this Alternative Request proposes to modify the non - charging section of the CUSC only

## What is the proposed alternative solution?

The proposal is identical to the [CMP434](#) Original proposal except for the following features:-

1. Only when a project enters the formal planning process post gate 2 and is fully formed will a firm connection offer be made for wider system access. Prior to this a non-firm offer for wider access with enabling works to the nearest MITS substation will be made.
2. Parties will need to provide financial confirmation (securities) of [1%]\* of the estimated construction cost of the new generation facility at gate 1 based on the new or increased Transmission Entry Capacity. The security will be returnable less an administration fee on termination.

Implementing these two elements will ensure wider access options are only held by those who have formally entered the planning process and removes the “low cost” route to secure options on wider transmission rights.

\* The % figure will be set following working group discussion to discourage speculative development whilst not being over burdensome to developers with limited resources. A different % could be used for different plant types to manage application volumes of based on technologies.

## What is the difference between this and the Original Proposal?

The value of the connection is significantly higher than the value of the project. This needs to change to a “project first, then connection” approach. Only when a project enters the formal planning process and is fully formed should the connection become firm and a full offer be made. Prior to this a non-firm offer with enabling works to the nearest MITS substation should be made.

Many connections are held by parties with a business model that does not initially include building out the projects. The connection (with land rights) are sold on to others to move the project through design and planning/build process. Whilst this is the current approach and it can at times be efficient it has the result of stopping viable projects without connection being built as they have a lower position “application date” in the queue. Significant volumes of offers have been made in this way effectively locking out fully formed projects (e.g. those with planning and land rights) this is not a desirable situation. This change will remove the “low cost” option of acquiring financially firm wider rights.

Including an application bond or security based on the generation projected build cost combined with non firm wider rights prior to planning will have the result of removing many projects that are not fully formed from the queue and reordering the queue favouring projects in the planning process.

Up to Gate 2 process is the same as the original but only a non firm wider access offer is given with a firm offer for enabling works. Wider firm access offers are only given post Gate 2 when a project formally enters the planning process.

Security at Gate 1 is based on the developers plant type and typical construction cost i.e typical onshore wind farm is [£1000/KW] installed for a 100 MW wind farm the security required is  $[100 \text{ MW} \times £1000000] \times 1\% = £1\text{m}$ . The ESO determines typical build cost for various new build plant types.

## What is the impact of this change?

**As per original but additionally:-**

Implementing these two elements will ensure wider access options are only held by those who have formally entered the planning process and removes the “low cost” route to secure options on wider transmission rights.

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;	<b>Positive</b> It will ensure that the licence will only offer firm access to project that are most likely to be developed in a short time horizon.
(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;	<b>Positive</b> It will ensure firm access is only offered to project that are most likely to be developed.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<b>Neutral</b>
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<b>Positive</b> It will ensure firm access is only offered to project that are most likely to be developed.
*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 proposal

**Implementation approach:**

The ESO will need to produce a table of estimated generation build cost by plant type to set the security profile.