

**CUSC Alternative Form – Non Charging**

# **CMP434 Alternative Request 11:**

**Overview:** Project Designation for Community Generators.

In order to fully comply with objective (c) of CUSC especially alignment with articles of Regulation (EU) 2019/943 requiring “to ensure fair conditions of competition in the internal electricity market”, introduce an alternative to unfair connection regulation for Community Generators by considering a specific “Community” Project Designation. Community Generators have repeatedly been shown to deliver many times more value, return locally and have considerably more local acceptability and support when compared to embedded generation in general. The Alternative should both increase the installed capacity, value and speed to build out of embedded Community led generation across the networks so furthering the overall aims of this reform. Furthermore, it addresses increasing fairness and inclusion challenges by recognising the additional benefits these generators bring to society through the additional operating restrictions they have in place in order to ensure benefit from their actions is socialised, the fact that speculation is effectively not a practical feature for them, and to compensate for the unbalanced conditions and lack of resources faced when Community Generators have to compete with the corporations in the new ‘first ready, first served’ approach of the connection reform.

**Proposer:** Eibhlin Norquoy, Community Energy Scotland, on behalf of Point and Sandwick Power Limited, Member of Community Energy Scotland.

☒ 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 proposed alternative is to add: “d) to materially increase community-owned energy projects”, to the three other criteria currently listed for enabling the designation of projects as described in paragraph 5 of Element 9.

This would have the following effects:

1. It would remove the current inequity which prevents community-owned energy companies from competing on a level playing field with normal corporate developers when trying to develop their projects in a context of grid scarcity and hence constrained grid access (as described below and as illustrated by the example of community projects in the Western Isles unable to get firm access to the grid despite the recent announcement of a 1.8GW upgrade)
2. It would help deliver on the new UK Government's stated aim of increasing the proportion of community energy in the proposed new 'mixed economy' of energy generation. Indeed, without a change such as we outline in this Alternative Proposal, the government aim will be impossible to deliver in the current grid connection environment even after implementing the proposed Connections Reform.
3. It will ensure compliance with Regulation (EU) 2019/943 SI 2020/1006, ensuring non-discriminatory access to the grid and market for all participants.
4. It will support Directive (EU) 2018/2001, Article 22 Renewable energy communities, by removing unjustified regulatory and administrative barriers to renewable energy communities.

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

To introduce a specific Project Designation for Community generators based on the well-being and wealth-building impact these generators bring to society.

While the thrust of the proposed connections reform is welcome, it is deficient in that it leaves in place the current inequity affecting community owned generators trying to connect the network.

The new connection reform, under consultation at the moment, will shift the 'first-come, first-served' approach to the 'First ready, first served' approach. This reduces speculation from corporations, but speculation is effectively not a practical feature of Community Generator companies. Unlike normal corporate generators, community generators cannot access resources for their proposed projects without a clear route to grid connection. In other words, they cannot engage in speculative project development. However, by the time that a grid upgrade is confirmed which would provide a clear route, it is typically overbooked by companies which can engage in such speculative development.

This new approach risks the future of Community Generator companies, as they have limited development funding, tend to also be restricted in action geographically, operationally and financially by ethical conditions and self-regulation that they put in place by their nature, and often rely on the commitment of volunteer boards, which are at a disadvantage in competing with corporations. This new approach continues and increases the unfair market regulation for Community Generator companies.

As a current example of these disadvantages, the case of the Western Isles:

- Over the past decade, there has been real frustration within the community sector at the lack of development potential due to the lack of grid infrastructure. SSEN's announcement that a 1.8GW interconnector will be constructed and energised by

2030 had the potential to alleviate this problem. However, this capacity was rapidly allocated to developers and now appears to be full. This will likely require any future community applications that are approved to have constraints applied.

- Some generators have already been moved from firm connections to non-firm connections after holding space on the grid for many years.
- **This leaves no space for additional community projects or for current community generation projects to be repowered at a larger scale, putting the future of community generators in the Outer Hebrides at risk.**

One solution to such an apparent failure of policy and planning, which can now be solved in the Connection Modification, is straightforward and cost-free: to introduce a specific Project Designation for Community generators based on the well-being and wealth-building impact these generators bring to society.

## 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;	<b>Positive:</b> Enables Community Owned Generation to connect to meet Government targets on installed Community Owned Generation.
(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> An inequity affecting community generators will be removed and a more level playing field created. Community Owned Generation benefits society to a much greater extent than non-community owned generation and would be able to be given priority for a quicker connection and therefore quicker delivery of net zero, wellbeing, and wealth building in local communities.

(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<b>Positive:</b> Alignment with articles of Regulation (EU) 2019/943 requiring “to ensure fair conditions of competition in the internal electricity market”
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<b>Positive:</b> It will create a more efficient and equitable administration of the CUSC arrangements and their effect upon community generators.
*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:

In line with the implementation date of the code modification ([CMP434](#)).

### Implementation approach:

As a result of this Alternative Proposal, Project designation Methodology and Element 9. Project Designation, would need to change to include the new criteria "d) to materially increase community-owned energy projects" This would need to be implemented prior to the go-live date.

The concept of Project Designation would be included within the CUSC but the Project Designation Methodology would sit outside the CUSC. If another alternative is developed into a WACM which results in methodologies being codified, then this additional Project Designation to materially increase community-owned energy projects should be included in the code.

## Acronyms, key terms and reference material

Acronym / key term	Meaning
Community Generator	This is a working definition: Community energy is typically characterised by grassroots action, where a community (either a community of place or of shared interest) comes together to design, implement, and manage a renewable energy asset or project primarily for the benefit of the community it is operating within rather than individual gain.

	<p>This might be a community energy generation project, such as a wind turbine or solar panels, or a heat, retrofit or transport scheme. These are often driven by a shared mission to deliver environmental, social and economic value for a specific place, with democratic input and governance (Brummer 2018; Creamer et al. 2020; Stewart 2021; Hanke et al. 2021).</p>
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### Reference material:

1. Regulation (EU) 2019/943 of the European Parliament and of the Council  
<https://www.legislation.gov.uk/eur/2019/943/introduction>
2. Directive (EU) 2018/2001 of the European Parliament and of the Council, Article 22 Renewable energy communities  
<https://www.legislation.gov.uk/eudr/2018/2001/article/22>
3. Aquatera (2021), 'A comparison of the financial benefits arising from private and community owned wind farms: Report to Point and Sandwick Development Trust'  
(<https://www.pointandsandwick.co.uk/wp-content/uploads/2021/04/Aquatera-Socio-economic-report-Final.pdf>)
4. Social Impact Report A Report to Point and Sandwick Trust by Impact Hub Inverness June 2020 (<https://www.pointandsandwick.co.uk/wp-content/uploads/2021/05/PST-Social-Impact-Report-2020-1.pdf>)
5. Leveraging local and community energy for a just transition in Scotland. Climate Exchange (2023) (<https://www.climateexchange.org.uk/wp-content/uploads/2024/01/CXC-Leveraging-local-and-community-energy-for-a-just-transition-in-Scotland-Dec-2023.pdf>)
6. The transformative impact of Community owned energy (2024 CES, CLS, DTAS, SCA, SCF) (<https://cni.scot/ces/wp-content/uploads/2024/06/Energy-Case-Studies-2024.pdf>)
7. A Fair Energy Deal for Scotland: Setting a target of 1,000 MW of Community Energy by 2030 (2024 CES, CLS, DTAS, SCA, SCF)  
(<https://communityenergyscotland.org.uk/wp-content/uploads/2024/07/Proposal-for-a-1000MW-Community-Energy-Target-June-2024.pdf>)
8. Measuring the Local Economic Impact of Community Owned Energy Projects (2014 James Hutton Institute and Gilmorton Rural Development)  
([https://www.researchgate.net/publication/282946638\\_Measuring\\_the\\_Local\\_Economic\\_Impact\\_of\\_Community\\_Owned\\_Energy\\_Projects](https://www.researchgate.net/publication/282946638_Measuring_the_Local_Economic_Impact_of_Community_Owned_Energy_Projects))