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Code Administrator Consultation Response Proforma

CMP434: Implementing Connections Reform

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 cust.team@nationalenergyso.com by **5pm GMT on 26 November 2024**. Please note that any responses received after the deadline or sent to a different email address will not be accepted.

If you have any queries on the content of this consultation, please contact cust.team@nationalenergyso.com

Respondent details	Please enter your details	
Respondent name:	Barnaby Wharton	
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Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input checked="" 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 Panel or the industry for further consideration)

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For reference the Applicable CUSC (non-charging) Objectives are:

- a) *The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- 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;*
- c) *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- d) *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

**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.*

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

This response is provided on behalf of RUK and SR Members (referred to as “members” throughout the document). The response has been produced following feedback ahead of and during the consultation window. Given the breadth of membership, several views presented are not unanimously agreed upon, with most notable differences in opinion outlined.

Standard Code Administrator Consultation questions			
1	Please provide your assessment for the proposed solutions against the Applicable Objectives?	Mark the Objectives which you believe the proposed solutions better facilitate:	
		Original	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM1	<input type="checkbox"/> a <input type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		WACM2	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM3	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM4	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM5	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM6	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		WACM7	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d
		Original	
While not unanimous, the vast majority do agree the Original better facilitates the Objectives a, b and d. The Baseline is no longer perceived as an effective solution, with the Original			

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		<p>facilitating a significant change to the electricity connections process and their management. Objective c is neutral given much of the detail that could influence now sits in Methodologies outside of CMP434.</p> <p><u>WACM1</u></p> <p>Members have varying views, resulting in no marking of the objectives.</p> <p>This alternative seeks to clarify the definition of embedded schemes that will follow the Primary Process, yet some believe the solution presented has the scope to introduce inconsistencies between the Grid Code and CUSC. It is possible the proposed change does not have the intended positive outcome, introducing unintended consequences. The proposal is not generally perceived to better facilitate Objective c, in particular, given the need for exceptions and potential move away from harmonisation of rules and requirements across GB.</p> <p>However, the concept of providing clarity for embedded schemes, improving an area perceived to cause notable confusion is strongly supported by some Members. Thus, irrespective of the Authority decision, it is recommended that the concept be further considered and / or expanded as part of wider industry development including (but not limited to) harmonisation initiatives, Methodologies, CP30 Alignment and Transmission Impact Assessment Thresholds.</p> <p><u>WACM2</u></p> <p>Members proposed WACM2 (originally Alternative 8).</p> <p>It provides greater certainty for across the connections process and limits the possibility of embedded schemes being adversely affected by providing Gate 2 evidence through a DNO or transmission connected iDNO. This WACM intends to raise the bar for DNOs in line with the increased requirements passed on to connecting parties.</p> <p><u>WACM3</u></p> <p>This alternative was put forward ahead of Methodology publication and the Clean Power 2030 Alignment announcement. Members generally saw the alternative as providing clarity on capacity re-allocation that was, at the time, unavailable from elsewhere. Yet, it was recognised that this concept could conflict with the processes set out within the Methodologies.</p> <p>Following the introduction of the CP30 Alignment concept, reallocation of capacity will have to take into account numerous additional factors. Thus, it is recommended that the approach presented within WACM3 is reconsidered in line with the Connection Network Design Methodology (CNDM) consultation feedback.</p> <p><u>WACM4</u></p> <p>Post-Workgroup Consultation changes to the proposal, Red Line Boundary conditions have become one of the key conditions for</p>
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		<p>developers. Given the significant Workgroup Consultation feedback and subsequent discussion within the Workgroup Meetings, several Members support WACM4 given it ensures the details as presented are embedded within the CUSC and not held within guidance, policy or Gate 2 Criteria Methodology.</p> <p><u>WACM5</u></p> <p>Project Designation was debated as a concept at the time of Workgroup Consultation. While some Members did not support the concept, the introduction of CP30 Alignment proposes to introduce technology-based limits that would radically alter the context in which Project Designation was originally reviewed.</p> <p>Project Designation is also one of the three Methodologies being consulted on during November 2024, thus while WACM5 better meets the objectives when compared to the Baseline, it is generally not seen to be better than the Original Proposal.</p> <p>Importantly, Members do believe that any use of Project Designation is transparent and equitable to all parties. There is concern that unsuccessful implementation of Project Designation could lead to several unintended consequences including negatively impacting investor confidence, distorting market signals and reducing competition.</p> <p><u>WACM6</u></p> <p>WACM6 places the obligation to “undertake a review of the new connections process to capture lessons learnt, publish the output of the review and present it to TCMF and the CUSC Panel, and obligate the CUSC Panel to determine whether to submit the output of the review to a Standing Group”. This would then allow CUSC parties to raise a Code Modification to codify as appropriate. Given it is not designed to delay implementation of reform and seeks a pragmatic approach, Members overall support WACM6.</p> <p>Without WACM 6 or some of the concepts it presents, there is no clear review point to allow the Methodologies to be checked and updated based on evidence. NESO could consider without an obligation being incorporated into CUSC, but Members perceive the processes proposed to be less justifiable if there is no obligated review point. Significant uncertainty remains, with all proposals largely untested, thus a check point is believed to be an important and valuable addition.</p> <p><u>WACM7</u></p> <p>Members note that WACM7 under CMP434 is mirrored under CMP434 within WACM1. The majority of any benefit would be applied to those in the existing queue during the initial re-ordering of the queue.</p> <p>It is questioned whether the WACM as proposed is as relevant given introduction of the CP30 Alignment concept. While a short pause period is generally agreeable, with 10 business days de minimis in the context of the application and design periods</p>
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2	Do you have a preferred proposed solution?	<p> <input type="checkbox"/> Original <input type="checkbox"/> WACM1 <input checked="" type="checkbox"/> WACM2 <input type="checkbox"/> WACM3 <input type="checkbox"/> WACM4 <input type="checkbox"/> WACM5 <input type="checkbox"/> WACM6 <input type="checkbox"/> WACM7 <input type="checkbox"/> Baseline <input type="checkbox"/> No preference </p> <p>While the Original Proposal introduces a limit on the time a DNO / transmission connected iDNO can take to submit a completed Gate 2 application to the NESO following the closure of a Gate 2 Application Window, the legal text only requires that the network makes “reasonable endeavours” to include the Relevant Embedded Small or Medium Power Station in their Gate 2 application (Application for Project Progression) in that Gated Application Window to NESO. Similarly, the DNO / transmission connected iDNO will use “reasonable endeavours” to make their Modification Application in the next available Gated Application Window after notification from NESO of a Gate 2 Application for a BEGA or BELLA has been received.</p> <p>WACM2 proposes the replacement of “reasonable endeavours” with wording within the CUSC legal text requiring DNO / transmission connected iDNOs to include all applicable Embedded Projects that provide a valid Gate 2 compliance application or submission of evidence within the Gate 2 Application Window (transmission window) as part of the DNO / transmission connected iDNO’s fully completed Gate 2 application to NESO. This approach</p>

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		<p>does provide the networks with some flexibility given the Gate 2 submission must be deemed 'valid' for the obligation to apply. The definition of 'valid' is not proposed to be incorporated within CUSC. Instead, it is recommended a consistent and harmonised definition and associated criteria are defined through the Energy Networks Association (ENA) in line with implementation of CMP434.</p> <p>WACM2 is deemed necessary to ensure that delays associated with DNO / transmission connected iDNO internal processes do not lead to embedded customers "missing" a Gate 2 window. It is noted that currently many DNOs have taken over 12 months to submit project progressions due, in part, to the lack of any guaranteed standard timeframe. The untested processes to be introduced under CMP434 alongside the uncertain volume of Gate 2 submissions (particularly within the first couple of windows) introduces further risk to embedded users.</p> <p>Given the consequential risk to fair and equitable treatment of embedded users from not including such a requirement on the DNO / transmission connected iDNO and the undefined timeline for incorporating within the License, this Alternative seeks to include within the CUSC.</p>
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The need for reform is understood and generally agreed with. The majority of Members believe the proposal set out within Code Admin consultation document has the potential to better facilitate the Applicable Objectives when compared to the present approach. Significant detail now sits outside of CMP434 and CMP435, yet the code modifications presented are generally perceived to facilitate several versions of Connections Reform.</p> <p>Notable progress has been made by the Proposer, Workgroup Members and wider industry, yet the scale of the proposed modifications is significant with a number of methodologies, processes and policy that underpin the proposal currently out for consultation.</p> <p>Connections Network Design Methodology (CNDM) and CP30 Alignment are in comparison to CMP434 proposals in a very early form with limited industry input to date. While these will be discussed through the appropriate consultations and feedback channels, it is important to recognise the relationship between the various layers and components of Connections Reform as presently presented. Thus, work to align and adapt should be planned for post conclusion of the Code Admin Consultation and submission to the Authority.</p>

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4	Do you have any other comments?	<p>As raised during the Workgroup Consultation earlier in the summer, Members still have concerns over aspects not covered by or to be delivered as part of CMP434, CMP435, Key Methodologies or CP30 Alignment.</p> <p>This includes but is not limited to: Data Provision, Material Technology Change Guidance, Interactivity Guidance, Securities and Impact Assessment.</p> <p>Data is a key requirement and while not the responsibility of CMP434 in full, it should be recognised that successful implementation is dependent on increased transparency and data provision. Members highlight the legal requirement under RfG Article 7 (3) (b) alongside the Energy Data Taskforce recommendations within the Modernising Energy Data report. Recommend a revised data strategy is prepared to align with Connections Reform, specifying the approach to data transparency and open access with particular focus on early 2025 through to the end of 2026.</p> <p>The Impact Assessment could support a data strategy by calling out the priorities. While there is a document presented as an impact assessment, it does not cover some of the fundamentals required to support a successful implementation which Members believe include:</p> <ul style="list-style-type: none"> • TO limitations during 2025 and 2026 to conduct system studies based on the forecast number of Gate 2 evidence submissions within the first couple of iterations. • The forecast number of Gate 2 evidence submissions has been covered in part under the related RfI, yet given timescales have changed and the requirements altered between the Workgroup Consultation and Code Admin Consultation, the estimate could be revisited. • Major and Minor Change definitions could have a notable impact on the outcome of the first re-ordering of the queue. Members are concerned that the allowable changes sit within draft guidance and recommend an assessment of the impact of key changes is assessed. Members are concerned that some restrictions could result in the removal of projects that otherwise would have been able to progress for what could be a relatively minimal impact. • Impact on Embedded Projects given the relative complexity of their queue and, more importantly, the way in which they are advanced to energisation. Completion Date and queue position are not always aligned at Transmission or Distribution levels, but given the breadth of Embedded Projects, there are possible unintended consequences not publicly explored.
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		<ul style="list-style-type: none"> Currently any project sitting within a Transmission Impact Assessment would have to meet Gate 2 and be included within any CP30 Alignment process (unless an exception clause within the CNDM applies). Yet this will therefore include Embedded Projects that were told they could proceed without awaiting the completion of Enabling Works. Initial estimations based on DNO published data indicate this group potentially only forms circa 3% of the overall generation and storage queue, thus Members recommend assessing whether the impact of including such projects is fair and equitable. It is not unanimously agreed that the benefit of including this group outweighs the complexity of including and most importantly negative impact on delivery. Significant work has gone into the HND and HNDfUE with TOs expected to deliver unprecedented levels of investment in their networks over the coming decade. With the introduction of CP30 Alignment, Members are unclear which investments are certain to proceed and what may fall away. This is linked to the data transparency requirement discussed previously. Industry does not currently have full visibility of all triggered works, only a summary level view within Pathway to 2030 and Beyond 2030 documentation. If some investments are to fall away and / or projects are moved to a Gate 1 position, what are the possible outcomes for secured sums? Members would like to see some consideration of various scenarios to mitigate risk. Transmission connected demand can bring additional complexity, both in its requirements and impact on the system. Noted some demand may fall under CP30, yet this uncertainty has the potential to impact investor confidence. With the demand queue growing, there is an opportunity to address ahead of foreseen issues being realised. <p>Note, the RUK and SR Workgroup Consultation response included a Key Risk Log containing possible Unintended Consequences. While some have been mitigated or removed in recent months, it is still a useful reference point pulling together the views of a very varied cross section of Members.</p>
5	Do you agree with the Workgroup's assessment that the	<input type="checkbox"/> Yes <input type="checkbox"/> No

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	modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?	<p>No comment.</p> <p>Noted Members will feed back individually where applicable.</p>
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