

CUSC Alternative Form – Non Charging

CMP434 Alternative Request 27:

Overview:

Muir Mhòr offshore wind farm (MM) suggests that from Go-live, projects entering Gate 2 should, in addition to land, also have submitted planning or provide additional commitment / security up to the submission of planning milestone.

In order not to penalise projects that are actively progressing and at the same time to filter out projects that are not going to meet the M1 milestone, the proposal is that the additional commitment is designed to reflect actual spend on meeting M1 and can be drawn down / evidenced as the spend is committed.

This will ensure that only committed projects enter Gate 2, allowing the network companies to focus on design and build of assets for projects that are genuinely progressing.

Our implementation approach envisages that initially this could be brought in without changes to Section 14 or 15, although there may be a desire to follow up with charging-related code changes at a later date.

Proposer: Muir Mhòr Offshore Wind Farm Ltd

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

What is the proposed alternative solution?

Additional Gate 2 criteria

The Original CMP434 applies the Gate 2 criteria from go-live and in the Original proposal, this is solely related to land requirements. Under the Original, the new forward-looking milestone to submit for planning starts from signature of a Gate 2 offer which would be around Q1 2026.

MM's Alternative proposal is that in addition to land requirements, projects entering Gate 2 should from go-live have either submitted planning or provide additional commitment / security up to planning submission. In order not to penalise projects that are actively progressing and at the same time to filter out projects that are not going to meet the M1 milestone, the proposal is that the additional commitment is designed to reflect actual spend on meeting M1 and can be drawn down / evidenced as the spend is committed.

What is the difference between this and the Original Proposal?

The Original Proposal in our view – and supported by ESO's and our own analysis, poses a low bar for entry into Gate 2. The forward-looking M1 milestone as proposed in CMP 434 is, in many cases, less challenging than the backward-looking milestones in CMP 376, the generosity of which CMP 434 was designed to address.

Notwithstanding some easy wins on clearing out completely dead 'zombie' projects, thereafter there will remain a significant level of oversubscription of grid capacity.

Our intent with this Alternative proposal is to have a meaningful entry requirement for Gate 2 which ensures that committed projects are prioritised and form the basis of near-to-medium-term reinforcement plans.

As a result, our proposals are:

- Gate 2 to be secured by either meeting the M1 milestone, or, providing some form of commitment at a level of spend aligned with the cost of meeting M1, and reducing as that spend is committed. Alternatives to this such as proof of placing key contracts could be explored.

The effect of this change is to ensure that only committed projects enter Gate 2, allowing the network companies to focus on design and build of assets that are being actively progressed.

Our proposal will help to weed out projects which are not committed to the M1 milestone. Furthermore, it will discourage land grabs designed to simply meet the Gate 2 criterion and nothing more – i.e., will prevent further queue entry of under-committed projects.

What is the impact of this change?

Proposer's Assessment against CUSC Non-Charging Objectives

Relevant Objective	Identified impact
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(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	Positive: Aligns with ESO's CMP434 proposal goal of prioritising viable projects, enabling us to help the government to meet its Net Zero targets
(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;	Positive: Aligns with ESO's CMP434 proposal goal of quicker connections for viable projects (by removing speculative and stalled projects from the connections queue).
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	None/Neutral: Our proposal aligns with the goals of CMP434.
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive: Aligns with ESO's CMP434 goal of addressing the current queue (by reducing the size of the current queue or slowing down the rate at which new projects are added to the queue).
*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:

TBC.

Implementation approach:

Depending on the final approach agreed, a new financial commitment may need changes to Section 15 ultimately, although it could initially be implemented as a condition of entry into an early 2030s cohort of projects for example, on a contractual basis and utilising existing provisions in the CUSC, for which there is precedent. An approach based on proof of placing of key contracts would not need changes to charging sections of the CUSC.

Acronyms, key terms and reference material

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Acronym / key term	Meaning
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code

ESO	Electricity System Operator
MM	Muir Mhòr Offshore Wind Farm Ltd