

Public

Special CUSC Panel

Friday 17 January 2025

Online Meeting via Teams

Public

WELCOME

Purpose of Panel & Duties of Panel Members

The **Panel** shall be the standing body to carry out the **functions** referred to in CUSC – Section 8 CUSC Modification (8.3.3)

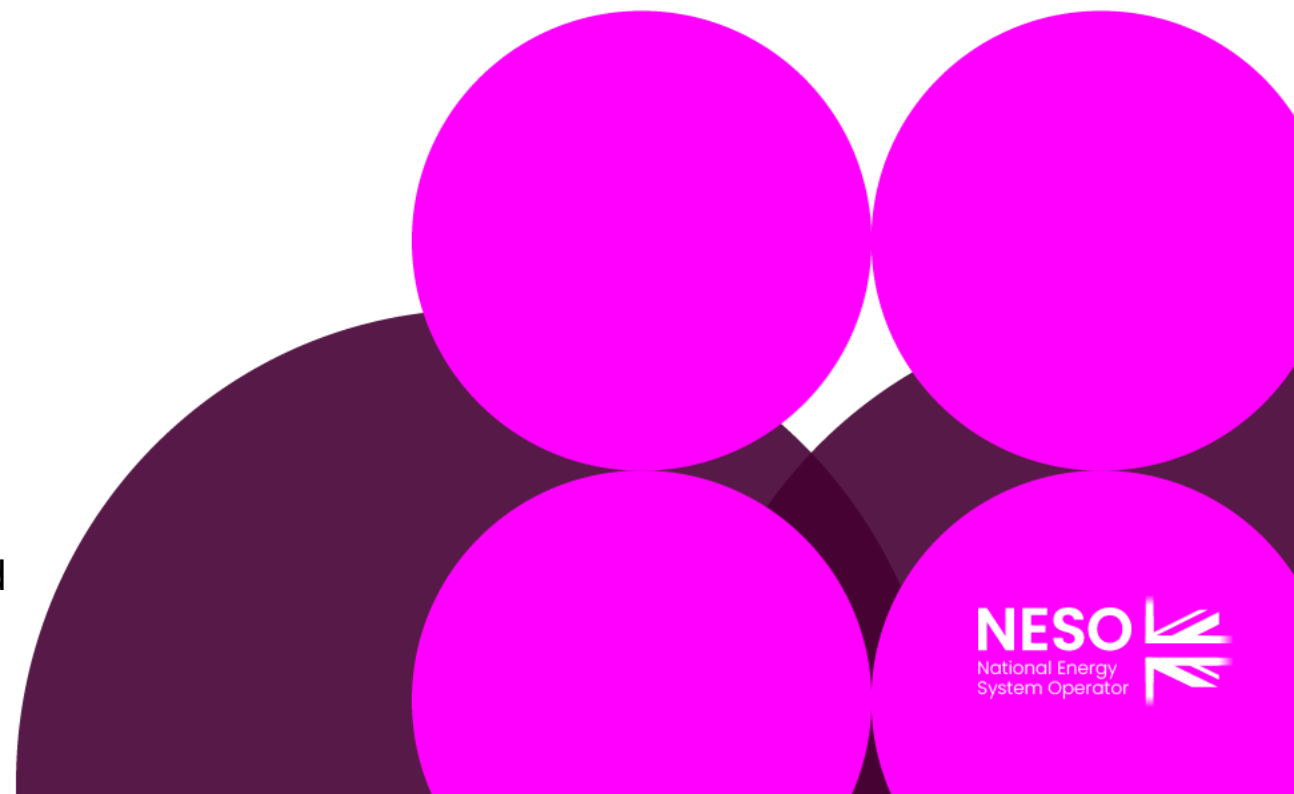
The **Panel** shall endeavour at all time to operate:

- In an **efficient, economical and expeditious manner**, taking account of the complexity, importance and urgency of and Modification Proposals; and
- With a view to ensuring that the CUSC facilitates **achievement of the Applicable CUSC Objectives**.

Duties of Panel Members & Alternates (8.3.4)

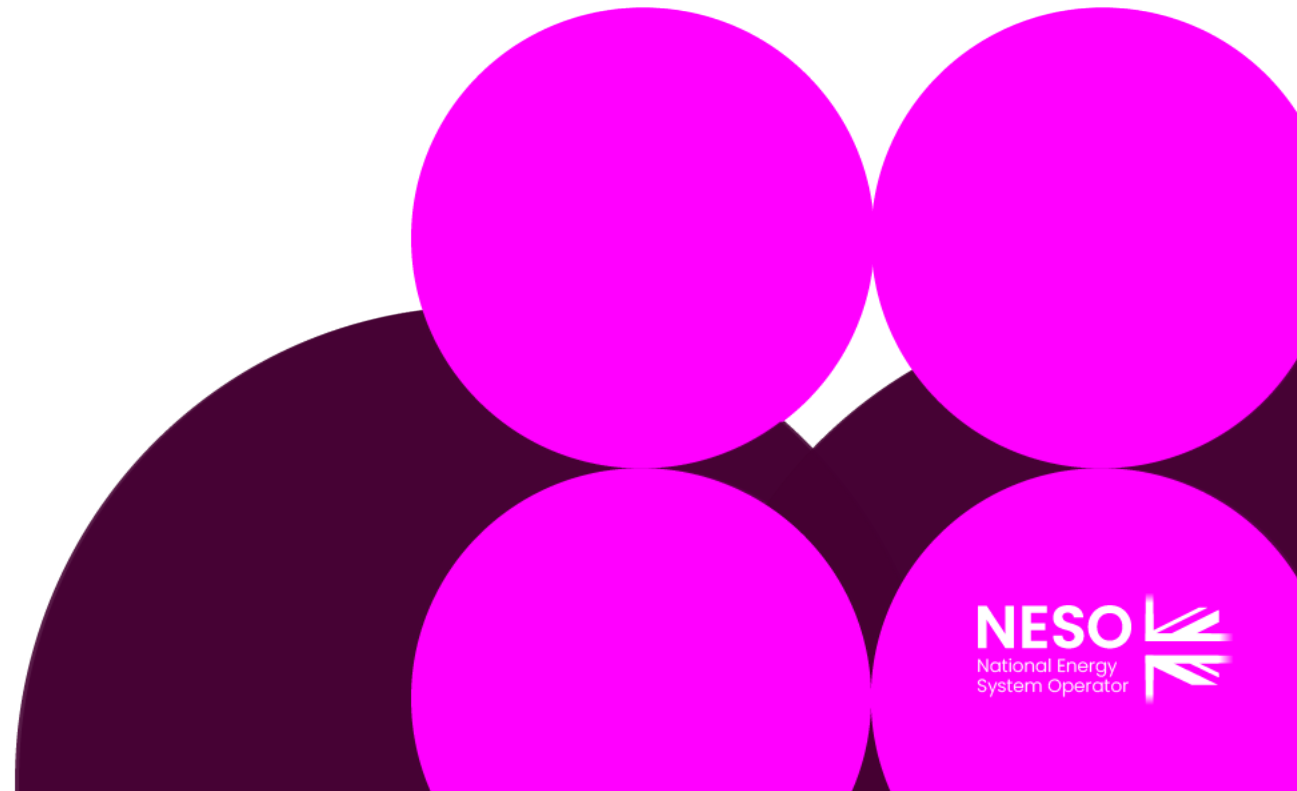
1. Shall act **impartially** and in accordance with the requirements of the **CUSC**; and
2. Shall not have any **conflicts of interest**.

Shall not be representative of and shall act without undue regard to the particular interests of the persons or body of persons by whom he/she was appointed as Panel Member and any Related Person from time to time.



New Modification and Request for Urgency

CMP446 Increasing the lower threshold in England and Wales for Evaluation of Transmission Impact Assessment (TIA)



Increasing the lower threshold

Connections Action Plan (CAP), published in November 2023 under 3.5b requested networks to “assess and review the thresholds for Transmission Impact Assessments (TIA)s; to accelerate connection timescales for distribution customers”. A subsequent review conducted by the 3 on-shore TO’s, has proposed the following for Evaluation of Transmission Impact Assessments:

Scotland, South – SPT & SPD the current lower threshold of 200kW strikes the right balance between accelerating connections ahead of Transmission Reinforcements.

Scotland, North – SSEN Transmission & SSEN Distribution across the north of Scotland transmission area. The review has concluded that the threshold can be raised to 200kW for the majority of GSPs (mainland) in the SSEN Transmission network. This change has since been implemented.

England & Wales (E&W) – Analysis carried out by NGET supported an increase in the lower threshold to at least 5MW.

Paper taken to Connections Process Advisory Group (CPAG) and Connections Delivery Board (CDB) with a recommendation that the E&W threshold lower limit be codified as the CUSC currently references a 1MW limit for an Appendix G in England and Wales.

NGET are unable to raise a CUSC mod; NESO will act as the proposer on their behalf.

Why change?

- Original 1MW threshold for Distributed Generators has been in place since 2016; the assumptions that are now being used to assess the impact on the Transmission network have changed significantly with greater confidence and experience in trends and attrition rates has been gained in terms of accepted and connected projects.
- Various thresholds were assessed.
- Subsequently both NGET and NESO support increasing the lower threshold from 1MW to 5MW for E&W DG. This would mean that DG projects in E&W between would sit outside the TIA process which would likely allow them to connect earlier as they would no longer be linked to transmission system reinforcement.
- This would improve the efficiency of the Evaluation of Transmission Impact Assessment process by focusing on the projects that have the bigger transmission impact. It would also improve the customer experience as these smaller projects would no longer have to go through the process or wait for an assessment to conclude
- This would mean these projects do not have the risk associated with transmission network build delaying their connection date and adding cost.

Why change?

- To codify within the CUSC a lower limit threshold to 5MW for an Evaluation of Transmission Impact assessment (which is applicable to small and medium Relevant Embedded Generators) in England and Wales.
- We will propose this is progressed as an urgent modification, with implementation aligned with key dates for CMP435. This is estimated to benefit ~400 DG projects with ~1GW of mainly renewable and storage potential capacity.
- Additionally it will ensure that NGET are only assessing projects that have a bigger impact on the transmission system.

For clarification – the following are out of scope for this modification

- Large embedded i.e. currently over 99.9MW (for England and Wales),
- Embedded demand connections,
- Directly connected generation and demand,
- Planning assumptions used to assess the impact on the transmission system,
- Revising the Appendix G process,
- Differentiating between DNOs and iDNOs.
- Codifying lower limit TIA for Scotland

Cross-modification interactions

- To realise the full benefits of this modification, it would need to be implemented before the proposed gate 2 window in CMP435 opens.
- If CMP434 and CMP435 are not approved or delayed then we would still seek to progress this modification, but the urgency requirement could fall away.
- CMP434 proposes that any projects which are under the lower limit Evaluation of Transmission Impact Assessment thresholds will not have to go through any gate 2 process.
- Implementation of this modification before the Gate 2 window opens in will release around 400 DG projects from having to demonstrate gate 2 compliance or alignment with Clean Power 2030 targets.
- Note that this modification can be implemented after the implementation dates of CMP434 and CMP435, but must be before the Gate 2 window opens.
- If this mod is not implemented before the Gate 2 window opens, prospective projects would still be part of a TIA, with associated costs and delays.
- CMP434 WACM1 introduces specific MW sizes under categories to legal text, if taken forward this modification may have to amend this text to reference <5MW generators in England and Wales being exempt from process.
- Any already connected sub 5MW DG will not be removed from existing BCAs and their existing terms and conditions would be unchanged.

Feedback from TCMF

1. Codifying the threshold for Scotland Generation

There were mixed views on this – a question was raised about whether this modification should look to codify the threshold for Scotland, even if the threshold would not change from what is applied in practice.

Our current view is that this should not be in scope for this modification. The defect is in England and Wales where NGET are able to accommodate a higher threshold, and including anything for Scotland could complicate the modification process. A separate modification in the future could potentially codify the Scottish threshold if needed.

2. Increases to TEC

There was a question about whether a generator looking to increase their TEC would have their threshold applied on the increase relative to their existing TEC, or the total TEC after increase.

This detail will be confirmed during workgroups, but our current working assumption is that the thresholds will only be applied on total TEC – so a generator increasing from 4 to 6MW would need to go through the Evaluation of Transmission Impact assessment process.

3. Capacity Value

Question as to what value will be used – e.g. installed capacity vs TEC

Proposal is to use Developed Capacity (defined term in CUSC)

4. Clean Power 2030

Question was around would still impact the CP30 buckets for Distribution.

Our current view is that this would mean projects under 5MWs wouldn't be part of the CP30 buckets due to them not applying to the primary process with NESO. This would mean the buckets increase, by the latest analysis of 850MW.

Proposer’s Justification vs Ofgem’s Urgency Criteria

The Proposer recommends that this modification should be treated as an Urgent Modification proposal and be assessed by a Workgroup

| Ofgem’s Urgency Criteria | Proposer’s Justification |
|---|---|
| a) A significant commercial impact on parties, consumers or other stakeholder(s). | <p>We are requesting urgency to align with the connection reform timeline as there is significant commercial benefit for impacted DG of aligning the potential approval of this Proposal with the implementation of CMP435. This proposal is expected to impact existing 1-5MW E&W DG currently in the combined Transmission and Distribution queue. This is estimated to be ~400 DG projects with ~850MW of mainly renewable and storage potential capacity. This will likely include community-based projects as typically community-based projects are smaller than the average DG going through the Evaluation of Transmission Impact Assessment process. In addition, it will also include commercial premises installing larger roof top solar arrays to reduce their demand. These projects will help meet the Government’s 2030 Clean Power targets.</p> <p>As the NGET analysis demonstrates, the existing Evaluation of Transmission Impact Assessment process imposes CUSC obligations on 1-5MW DG in E&W that are disproportionate to their impact on the Transmission System. In addition, there is significant commercial benefit for these developers in not being within scope of the Evaluation of Transmission Impact Assessment process as amended through connections reform. For example, the amended Evaluation of Transmission Impact Assessment process will obligate them to meet Gate 2 requirements and be aligned to Clean Power 2030 targets. It will also impose substantial delay if the Evaluation of Transmission Impact Assessment process links the DG projects to Transmission Networks reinforcements. These delays have sometimes been by as much as 10 years. This uncertainty creates risk for project developers and investors and could make projects unviable.</p> <p>There is also the added benefit that this Proposal increases the efficiency of the Evaluation of Transmission Impact Assessment process by allowing networks (TOs and DNOs) to focus resources</p> |

CMP446 Proposed Urgent Timeline

| Milestone | Date | Milestone | Date |
|--|--|---|--------------------------------|
| Modification presented to Panel | 17 January 2025 | Code Administrator Consultation (5 business days) | 10 March 2025 to 17 March 2025 |
| Workgroup Nominations (3 business Days) | 17 January to 22 January 2025 | Draft Final Modification Report (DFMR) issued to Panel (X business days) Ideally no less than 2 business days, Allow 1 business day to assess Code Administrator Consultation responses. | 24 March 2025 |
| Ofgem grant Urgency Ideally maximum of 3 business days from date presented to Panel | 22 January 2025 (5pm) | Panel undertake DFMR recommendation vote | 28 March 2025 |
| Workgroup 1 – 3 (assuming Ofgem have granted Urgency) | 24 January 2025 30 January 2025 03 February 2025 | Final Modification Report issued to Panel to check votes recorded correctly | 28 March 2025 |
| Workgroup Consultation (2 business days) | 11 February 2025 – 13 February 2025 | Final Modification Report issued to Ofgem | 28 March 2025 |
| Workgroup 4 - 6 Assess Workgroup Consultation Responses and Workgroup Vote | 19 February 2025 24 February 2025 26 February 2025 | Ofgem decision | 29 April 2025 |
| Workgroup report issued to Panel (2 business days) | 05 March 2025 | Implementation Date | 02 May 2025 |
| Panel sign off that Workgroup Report has met its Terms of Reference | 10 March 2025 | | |

CMP446 – the asks of Panel

- **VOTE** whether or not to recommend Urgency
- **AGREE** timetable for Urgency
- **AGREE** Workgroup Terms of Reference
- **NOTE** next steps:
 - Under CUSC Section 8.24.4, we will now consult the Authority as to whether this Modification is an Urgent CUSC Modification Proposal
 - Letter to be sent to Ofgem 17 January 2025
 - Ofgem approval of Urgent treatment sought by 5pm on 22 January 2025
 - Workgroup meeting to be held 24 January 2025

Activities ahead of the next Panel Meeting

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|--|----------------------------------|
| Modification Proposal Deadline for January Panel | 16 January 2025 |
| Papers Day | 23 January 2025 |
| Panel Meeting | 31 January 2025 Faraday House |

Close

Claire Huxley Acting
Independent Chair, CUSC
Panel