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CUSC Alternative Form – Non Charging

CMP448 Alternative Request 3: Exemption for Offshore Projects

Overview: This Alternative exempts Offshore Projects from the PCF, to avoid discrimination against technology types which have long lead times to enter the planning system.

Proposer: Sarah Graham, Arven Offshore Wind Farm Limited.

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



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What is the proposed alternative solution?

This alternative removes Offshore Projects (as defined in CMP435, including Offshore Wind, Interconnectors and Offshore Hybrid Assets) from the scope of CMP448. The PCF would not apply to these technologies and they would also be removed from the calculation of the Trigger Metric.

What is the difference between this and the Original Proposal?

This alternative seeks to protect Offshore Projects which are expected to spend significantly longer in the period from Gate 2 Offer to Milestone M1.

Offshore Projects have already been identified in CMP435 as requiring a different approach for Gate 2 compliance and forward looking M1 milestones. As per the table below, Offshore Projects are allowed up to 5 years to reach M1, compared to 2-3 years for other project types.

Planning Type	Timescale
Town and Country Planning (England, Scotland and Wales)	2 years
Section 36 (England/Scotland)	3 years
Development of National Significance (Wales)	3 years
Nationally Significant Infrastructure Project (NSIP) / Development Consent Order (DCO) (England and Wales)	3 years
Offshore (including Offshore Wind, Interconnectors and Offshore Hybrid Assets (OHA)s)	5 years
Nuclear	Case-by-Case ¹³
Novel technologies	Case-by-Case ¹⁴

This has not been considered in the safeguarding assessment carried out by the proposer and therefore the original proposal risks significant discrimination against Offshore Projects by exposing them to an increased likelihood of the PCF being triggered before they reach M1, and once triggered, being more likely to reach the maximum £10k/MW than other technology types (as shown in Annex 4 scenarios).

Excluding Offshore Projects (Offshore Wind, Interconnectors and Offshore Hybrid Assets) from the scope of CMP448 would address this defect.

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What is the impact of this change?

Offshore Projects would not be subject to the PCF, or count towards the PCF Trigger threshold.

Offshore Projects are not anticipated to contribute to poor queue health due to the significant financial commitments required in the lease option agreements with the Crown Estate/Crown Estate Scotland before these projects can enter the Gate 2 queue. This alternative proposal is therefore not expected to weaken the purpose of the original proposal, but does remove the risk of unfair penalisation of a specific technology type.

Proposer's assessment against CUSC Non-Charging Objectives	
Relevant Objective	Identified impact
(i) The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;	Neutral
(ii) 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;	<p>Positive</p> <p>The proposed alternative mitigates a punitive impact on one specific generation sector (Offshore).</p> <p>Offshore wind projects are required to hold a lease option agreement with Crown Estate Scotland or The Crown Estate before they can request a Gate 2 offer. This requirement already imposes a significant financial commitment on them and provides an incentive to actively progress the project.</p>

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(iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and	Neutral Please provide your rationale
(iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.	Positive Reducing administrative burden on NESO by narrowing the scope of the proposed modification and reducing the number of customers impacted.

* See Electricity System Operator Licence

**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:

No change to original proposal.

Implementation approach:

No change to original proposal

Acronyms, key terms and reference material

Acronym / key term	Meaning
Offshore Projects	As defined in CMP435 including Offshore Wind, Interconnectors and Offshore Hybrid Assets (OHA)s

1. See section 11.4 of CMP435 final modification report for definition of Off-shore Projects as relates to forward looking M1 milestones.
<https://www.neso.energy/document/350376/download>