

## CUSC Alternative Form – Non Charging

# CMP448 Alternative Request 8: To remove any reference to Queue Health, Trigger Metric and Trigger Threshold

**Overview:** This alternative is different in several areas to the Original Proposal. It proposes to remove any reference to Queue Health, Trigger Metric and Trigger Threshold. This proposal will apply the following:

- The PCF is activated once through gate 2 and when the project is 5 years from its M1. In cases where the M1 is less than 5 years the PCF is activated from acceptance of the gate 2 offer.
- PCFS will then be posted at the next Section 15 security date
- PCFS first payment will always starts at £100/MW (Start value to be agreed with work group) no matter how long to the M1 date
- The PCFS increases to the next value in line with the timing of Section 15 security payments
- The Total PCF value is capped at £10,000/MW
- Example Steps, to be agreed with the workgroup if made an WACM; £100, £200, £400, £800, £1,600, £3,200, £6,400 and 10,000 (per MW)
- There would be a 50% discount if a Developer self-selects out of the queue more than 6 months before M1 date to reward good behaviour.
- The PCFS that is posted is net of securities

The maximum quantum is the same as the proposal so uses the same demonstration of cost effectiveness. Encourages only project to enter gate 2 that are viable.

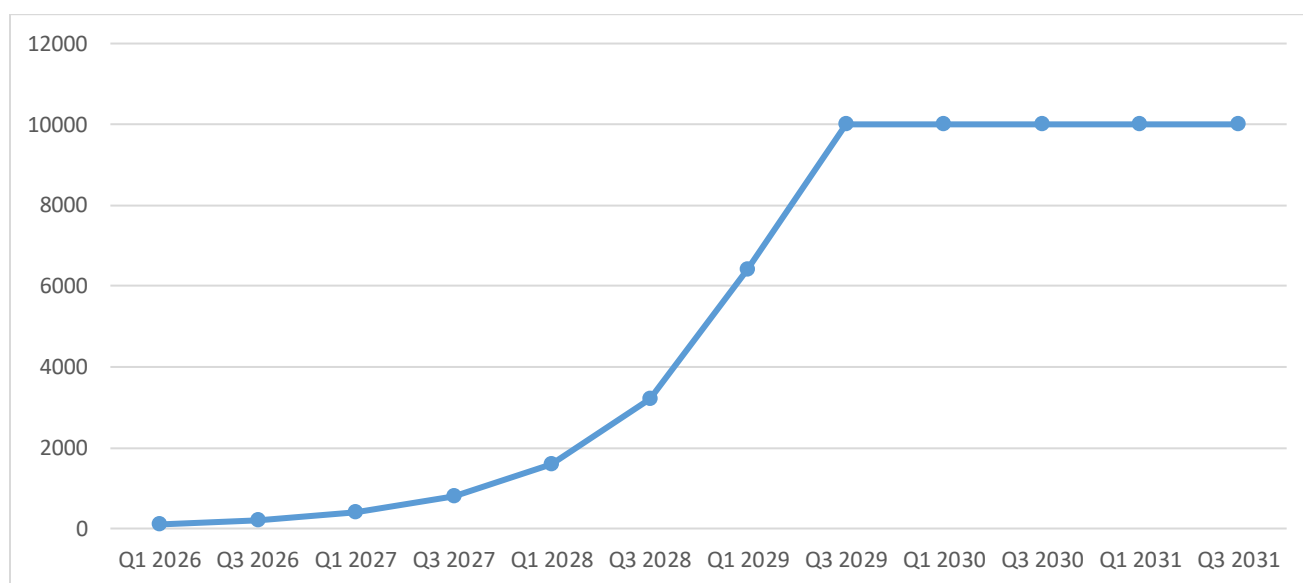
**Proposer:** Robin Prince, Island Green Power



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## What is the proposed alternative solution?

This Alternative Proposal is activated when an accepted gate 2 offer and is 5 years before the M1 milestone. If you enter in less than 5 years ahead of M1 date you still start at the initial value. The PCF will have an initial value of £100/MW, which will be net of securities. It will then double every Section 15 period up to £6,400/MW, with then a final PCF of £10,000/MW. The liability curve for the PCF would, therefore, look like the below:



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

This proposal removes all need to assess the Queue Health via a Trigger Metric and the arbitrary Trigger Threshold. This Alternative will apply to all connecting customers from the next security round post the acceptance of their Gate 2 offer and once within 5 years of their /m1 date.

It will not be renewed on a 5 yearly basis but will be on a rolling basis dependent on the stage of the project (i.e. when it accepts the Gate 2 offer).

## What is the impact of this change?

This change will not discriminate against any particular technology or company size. The projects that do drop out the queue will be the ones that pay the PCF

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rather than the projects that stay in queue and are progressing. With the exponential growth of the PCF as more certainty is given to the project, the higher the PCF becomes. Therefore, projects are encouraged to undertake expensive surveys at the earliest stage possible helping to fully assess the viability of the red line boundary submitted as part of the Gate 2 application.

| Proposer's assessment against CUSC Non-Charging Objectives   |  |
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| Relevant Objective   | Identified impact  |
| (i) The efficient discharge by the Licensee of the obligations imposed on it by the Act and by this licence*;  | Positive<br><br>Means only viable projects come forward and those that are not have a penalty.   |
| (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; | Positive<br><br>Only the best projects will come forward   |
| (iii) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency **; and  | Neutral<br><br>Please provide your rationale   |
| (iv) Promoting efficiency in the implementation and administration of the CUSC arrangements.   | Positive<br><br>Best project come forward, that don't need to be managed and promotes projects to progress at the right time and not force them to submit before fully thought through. Reduce |

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|  | down the number of applications. |
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\* 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:

The intention that this proposal is implemented in advance of Gate 2 offers being issued (subject to the approval of CMP434 and CMP435). This would ensure that the provisions within the proposal could be included in all Gate 2 contracts before they are issued, and the maximum benefit of the proposal can be achieved.

If urgency is not granted and this proposal cannot be implemented in advance of Gate 2 offers being issued, we would still seek to progress the modification, but a significant portion of the intended benefit may not be realised.

If CMP434 and CMP435 are not approved, this proposal will be reconsidered.

### Implementation approach:

The proposal would need to be designated as Urgent by the Authority if it is to be implemented prior to Gate 2 offers being issued and applied to all projects between entrance to Gate 2 and Milestone 1. Only then will it be able to fully achieve its stated intent.

NESO system changes will be required to monitor the trigger metric prior to activation. Post activation systems will be required to track and collect applicable project liabilities.

## Acronyms, key terms and reference material

| Acronym / key term | Meaning |
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**Reference material:**

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