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CUSC Alternative Form – Non Charging

CMP448 Alternative Request 1: PCF without trigger mechanism

Overview: This alternative removes the trigger mechanism.

Proposer: Brian Hoy, Electricity North West

☒ 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?

In summary, this would remove the Trigger mechanism so that the PCF is applied to all projects accepting a Gate 2 offer. The intention is to incentivise only the most viable projects to enter the queue so that these improve the likelihood of CP30 targets being met.

The alternative would give a six-month grace period after acceptance of a Gate 2 offer and therefore gives a no cost option for all projects. In particular, this removes an issue for some embedded projects which have M1 milestones due two months after acceptance. After the six months grace period, the PCF would increase in the six-month intervals and at the same values as the Proposers solution.

What is the difference between this and the Original Proposal?

This alternative is proactive rather than reactive. The Proposer's solution waits to see if an issue arises with queue health and then imposes additional hurdles on other projects in the very situation where other projects are needed to backfill any holes in the programme. This alternative seeks to prevent rather than react to the situation and therefore better meets objective (i).

This alternative creates an incentive to ensure that only the most viable projects enter the queue. This supports competition by reducing the risk of projects accepting and then not progressing which is the defect that the modification is seeking to address. This alternative should provide greater certainty for all projects (as opposed to the possibility of the mechanism triggering) and quicker resolution for any marginally viable projects (as it prompts a decision before accepting) therefore better supporting objective (ii).

This alternative is significantly simpler as it does not create a trigger mechanism with the associated complications of replacement projects and therefore better meets objective (iv) than the Proposer's solution.

What is the impact of this change?

This change increases the probability that CP30 targets will be met. Its proactive approach concentrates evaluation of project viability before projects are accepted rather than the reactive proposal of the Proposers solution which has an

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inherent lag designed in. The Proposers solution has the potential to simply take a minimum of 12 months out of the time to construct (based on six months to get to first measurement point plus six months for the decision and grace period) when 2030 is not that far away in terms of lead times for large construction projects. So it is critical that all parts of the sector (including developers) are aligned in ensuring that the most viable projects enter the queue.

The alternative provides more certainty for projects as the requirements are set at the time that they accept the offer and the avoidance of the costs are completely within the developers control.

Whilst it does potentially add additional cost to some projects it does provide a no cost route for the most ready projects which complements the intent of TMO4+. This is achieved by have a grace period after acceptance (six months proposed) before the PCF starts to step up.

It should speed up the outcome for any marginally viable projects. This causes them to be evaluated before the offer is accepted. This is contrasted with the Proposers solution which does nothing until the trigger mechanism is activated and then has a six-month implementation grace period.

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*;	Positive This introduces a mechanism that will accelerate the connection of readier and/or more viable projects facilitating progress towards net zero targets.
(ii) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent	Positive

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therewith) facilitating such competition in the sale, distribution and purchase of electricity;	Currently viable projects may be held up by less viable projects that are ahead of them in the connections queue. Connections reform seeks to address this by allowing readier projects to progress more quickly. This mechanism will do this more quickly than the proposers solution and therefore competition could increase at a quicker rate.
(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 This proposal seeks to avoid unviable projects even entering the reformed connections queue. It is also much simpler to implement than the Proposer's solution.

* See Electricity System Operator Licence

**The Electricity Regulation referred to in objective (iii) 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:

As the Proposer's solution.

Implementation approach:

As the Proposer's solution.

Acronyms, key terms and reference material

Acronym / key term	Meaning
CP30	Clean Power 30
PCF	Progression Commitment Fee
TMO4+	Target Model Option 4+