

Workgroup Consultation Response Proforma**CMP330: Allowing new Transmission Connected Parties to build Connection Assets greater than 2km in length**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to cusc.team@nationalgrideso.com by **5pm** on 16 February 2021. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

If you have any queries on the content of this consultation, please contact Ren Walker Lurrentia.Walker@nationalgrideso.com or cusc.team@nationalgrideso.com

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For reference the Applicable CUSC (charging) Objectives are:

- a. *That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;*
- b. *That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);*
- c. *That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;*
- d. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency; and*
- e. *Promoting efficiency in the implementation and administration of the system charging methodology.*

**Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

Please express your views regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions		
1	Do you believe that the CMP330 Original Proposal better facilitates the Applicable Objectives?	<p>It is difficult to say as currently defined. There are potential benefits in allowing generators to build longer stretches of assets, but there are also customer and competition protections to consider.</p> <p>Some of the detail still needs to be defined before a full assessment can be made. Section 14.2.6 of the CUSC contains the current definition of connection assets. It was brought in under the “plugs” super shallow approach to connections and states that <i>“for cable and overhead lines at a transmission voltage, are those single user connection circuits connected at a transmission voltage equal to or less than 2km in length that are not potentially shareable”</i> (our emphasis).</p> <p>It would appear that CMP330 is only seeking to change the 2km limit in this definition. Therefore, a connection asset would still need to be sole use and not potentially shareable. Therefore, there should be no prospect of a second party connecting at a later date and sharing that asset, as that would require the asset to be potentially shareable.</p> <p>However, we note the workgroup has considered that there is a possibility of the second comer principle being needed to cover the situation where assets, which are initially built for one user, are subsequently used for a second connecting party. This would suggest the use of this option for situations which extend beyond non-shareable assets.</p> <p>We suggest this apparent contradiction should be explored by the workgroup more fully.</p>

2	Do you support the proposed implementation approach?	It is not possible to consider appropriate implementation approaches until the full detail of the modification proposal is understood.
3	Do you have any other comments?	Were this change to be implemented, then presumably this would mean that assets which were previously considered as infrastructure, because they were sole use, not shareable but over 2km in length, might be re-categorised as connection assets. It is not clear what this would mean for the generators concerned or customers.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No thank you.
Modification Specific Workgroup Consultation questions		
5	What, if any role should Ofgem have in this proposed new process?	<p>This depends on how the associated network charge (connection or infrastructure) is constructed. Ofgem may need to be fully involved in ensuring that connection projects are delivered at a reasonable cost to the customer if the costs of this are to be shared with other users or customers. These parties should be protected from any potential inefficient investment undertaken as a consequence.</p> <p>If there is no prospect of these assets becoming local circuit charges for instance, then this should be less of an issue, as long as the full cost of the investment is borne solely by the party opting for the competitive connection approach through their connection charge. This of course would also enable them to benefit from any efficiencies which arise as a consequence. However, if any costs/benefits are to be shared with other users or customers, then Ofgem would need to be involved to ensure that assets are transferred at a fair rate.</p>
6	Should there be a clearer limit on the length of a Connection Asset construction?	If there is no possibility of these assets being shared, then a km limit is possibly arbitrary. If it is possible for them to be

		shared, then they should not be classified as connection assets, regardless of the km length in accordance with 14.2.6 of the CUSC.
7	Can you identify/list scenarios in which this agreement shouldn't be given?	As we mention in our answer to question 13 below, we believe that the CUSC should prescribe the circumstances under which agreement should be given, in order to avoid concerns around discrimination.
8	<p>The Workgroup is considering what the length beyond 2km might be appropriate and would welcome views as to whether it should be prescribed as</p> <ul style="list-style-type: none"> i) as a set length; or ii) to the nearest economic point of connection to the NETS; or iii) be unlimited; or iv) another option (if so please explain). <p>Which of these four options do you believe is appropriate and in respect of option 1 do you have a view as to what the set length should be?</p>	Please see our answer to question 6.
9	Should there be a clearer limit on the length of a Connection Asset construction?	Please see our answer to question 6.
10	Should the 2km cap be removed or a new cap be put in place. Please justify a new cap and to what level?	Please see our answer to question 6.
11	Should the commercial charging boundary limitation of 2km vary from one connection to another dependent on basis of construction choices of a User?	This would seem to be problematic and raises issues of discrimination unless based on objective and relevant criteria. Please see our answer to question 13 below.
12	Should the cap on length of Connection Assets be removed or revised?	This seems to be the same question as question 10.
13	Should approval be required from the Transmission Owner and	It appears problematic that the availability of the option to build to a

	<p>NGESO for connections in excess of 2km? Please provide rationale as to on what basis the approval would be denied?</p>	<p>length greater than 2km is dependent on a subjective assessment by the user, SO and TO concerned that it is appropriate to do so. In order to avoid concerns of discrimination, presumably more objective criteria should be developed.</p> <p>This would be a particular issue for example in situations where the user concerned were an affiliated company to the relevant TO, or indeed a competitor of that affiliate. This could raise concerns that the TO may seek to help the affiliate and/or frustrate the competitor when providing its opinion on whether the limit should be exceeded in this case.</p>
14	<p>Should additional costs incurred over and above the cost the TO would have incurred be fully paid for by the User concerned? Are there any circumstances where the TO should fund some/all of these costs?</p>	<p>If the assets are categorised as connection assets, then the full costs should be paid by the user. This will be based on the transfer cost of the asset to the TO.</p> <p>A problem would only then arise if the connection charge fails to reflect the full cost or when the asset is re-categorised as infrastructure subject to TNUoS charging. This shouldn't be a possibility if the asset is truly not shareable as required by 14.2.6.</p>
15	<p>Where a Transmission Connection Asset has been capially contributed and a second Party wishes to connect to those Assets, it is proposed to re-classify those assets as infrastructure assets. It is proposed to implement arrangements similar to the second comer rule for the capially contributed element. Do you agree with this suggestion?</p>	<p>No. The basis for these assets being considered as connection should be that they are not shareable with other users, so this scenario should not arise.</p>
16	<p>Do you foresee any legal or regulatory barriers or introducing a second comer rule equivalent into the CUSC for this purpose?</p>	<p>It should not be necessary to use this as connection assets should not be shareable.</p>

