

Lurrentia Walker
National Grid ESO,
Faraday House,
Warwick Technology Park,
Warwick CV34 6DA

18 February 2021

Dear Ren,

SSEN Transmission response to CMP330: Allowing new Transmission Connected Parties to build Connection Assets greater than 2km in length consultation (Consultation)

This response is prepared on behalf of Scottish Hydro Electric Transmission Plc (SSEN Transmission), part of the SSE Group, responsible for the electricity transmission network in the north of Scotland. Whilst we are not a CUSC party, the impact of this proposal would affect the way we undertake our licenced activities and change the way we charge customers for those activities. As such, we set out high-level concerns below and provide our more detailed response to the Consultation in Appendix 1 of this letter.

We support measures to deliver electricity transmission infrastructure in the most economic, efficient, sustainable and coordinated manner. We are however concerned that, by virtue of these proposals, the Workgroup is seeking to promote the introduction of a process out with its vires and so narrowly focused that it does not fully consider the wider, and potentially significant, impacts on the Transmission Owners (TOs), network Users, as well as the GB consumers.

Our specific concerns with the proposal as set out so far are that:

- A decision as to whether this is appropriate already appears to have been made and the consultation largely focuses on the question of whether a limitation on distance is appropriate and, if so, what distance; and, more fundamentally,
- There is little evidence of consideration beyond how would this could work for the benefitting User, little assessment of practical implications/challenges for the TOs, and no impact assessment or cost benefit analysis of the impact to other Users and the GB consumer. For example:
 - The connection boundary, and hence scope of TCA, is a matter of established regulatory policy – it is not within the vires of the CUSC Panel to re-visit this.
 - Network connection boundaries have recently been considered under the ACR, with no change proposed at transmission.

Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ  [ssen.co.uk](https://www.ssen.co.uk)

Scottish and Southern Electricity Networks is a trading name of: Scottish and Southern Energy Power Distribution Limited Registered in Scotland No. SC213459; Scottish Hydro Electric Transmission plc Registered in Scotland No. SC213461; Scottish Hydro Electric Power Distribution plc Registered in Scotland No. SC213460; (all having their Registered Offices at Inveralmond House 200 Dunkeld Road Perth PH1 3AQ); and Southern Electric Power Distribution plc Registered in England & Wales No. 04094290 having their Registered Office at No. 1 Forbury Place 43 Forbury Road Reading RG1 3JH which are members of the SSE Group www.ssen.co.uk

- There is good reason for the current boundary – it allows licensees to develop the network economically for the benefit of all users, using shared infrastructure.
- There are many examples where we have developed shared, or re-purposed existing, infrastructure as an economic solution to new and changing use of the network.
- While onshore ‘radials’ sized for individual users might be in the interests of that individual User, these would push up the overall cost to the GB consumer by resulting in more transmission infrastructure development. This would also impact on local communities and environmental/visual concerns.
- The RIIO-T2 price control has been settled on the basis of the current boundary; this modification would re-open that settlement.
- Transmission licensees have obligations to develop an economic, efficient and co-ordinated system, along with meeting developers’ reasonable expectations for connection. It is not clear what issue this modification is seeking to resolve.

These issues require further investigation and scrutiny ahead of any decision to implement the proposals and we would strongly urge the ESO and Workgroup to consider these in more detail highlighting our legitimate concerns to the CUSC Modifications Panel in the Workgroup Report and to Ofgem as part of its process.

It is our strong view that this modification should be rejected for the reasons above.

Next Steps

We understand that the next step is for the Workgroup to consider consultation responses before submitting its report to the CUSC Modification Panel on the 26th March 2021.

We look forward to continuing to engage with the ESO, Workgroup and Ofgem on the wider issues raised in our response.

Neil Bennett

Commercial Policy Manager

SSEN Transmission

APPENDIX 1 – COMPLETED CONSULTATION PROFORMA

nationalgridESO

Workgroup Consultation CMP330
Published on 26/01/2021 - respond by 5pm on 16/02/2021

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

| Respondent details | Please enter your details |
|-------------------------|---------------------------|
| Respondent name: | Neil Bennett |
| Company name: | SSEN Transmission |
| Email address: | Neil.bennett@sse.com |
| Phone number: | 01738 453427 |

For reference the Applicable CUSC (charging) Objectives are:

- 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;*
- 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);*
- 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency; and*
- 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? | The proposal is neutral to the above objectives |
| 2 | Do you support the proposed implementation approach? | No |
| 3 | Do you have any other comments? | The ramifications to the Transmission charging mechanisms has not been considered in the consultation. There is no impact assessment or cost benefit analysis to support the contention this benefits Users and GB consumers. |
| 4 | Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider? | No |
| Modification Specific Workgroup Consultation questions | | |
| 5 | What, if any role should Ofgem have in this proposed new process? | <p>OFGEM should consider the impacts, not only on the Users of the networks and consumers, but also:</p> <ol style="list-style-type: none"> 1. CUSC Panel vires in this regard; 2. implications on the TO allowances already set under the Final Determinations for RIIO-2, specifically, the ability to recover under the volume driver mechanism; 3. a TO's ability to deliver economic and efficient connections 4. a TO's ability to operate the network safely and securely. |
| 6 | Should there be a clearer limit on the length of a Connection Asset construction? | The current limit is clear in its guidance that 2KM is the limit for Transmission Connection Assets |
| 7 | Can you identify/list scenarios in which this agreement shouldn't be given? | <p>We do not consider there is any scenario where this can be agreed.</p> <p>The connection boundary, and hence scope of TCA, is a matter of established regulatory policy – it is not within the vires of the CUSC Panel to re-visit this.</p> |

| | | |
|---|---|--|
| | | <p>In addition, as a TO, we have to consider and manage the network to minimise the potential for wider adverse impacts on other Users and Consumers. For example, system planning implications where long circuits could become shareable could result in:</p> <ol style="list-style-type: none"> 1. Potential conflict of interest for the separate parties wishing to connect. For example, a scenario where 1st party (Party A) proposes to build to a connection date of 2024, Subsequently, there is a 2nd party (Party B) who would be connected to Party A's circuit (the most economic and efficient option for the TO due to the proximity of their site and similar date for connection etc). If Party A decides to delay their connection date and the works associated (a commonplace occurrence) or there is an issue with its chosen cable provider, or installation contractor, this would impact Party B's ability to connect to its requested timeframe, as the TO would not control the build programme associated with Party A's circuit; 2. An inhibition of the TO to comply with its statutory duties, potentially adversely impacting other network Users, in terms of delay and additional costs; and 3. introduces additional costs to TO through consequential activities, which are ultimately levied upon consumers. <p>Whether this would or would not happen would not be known at the point a TO was required to consent to such a request.</p> |
| 8 | The Workgroup is considering what the length beyond 2km might be appropriate and would welcome views as to whether it should be prescribed as | The Workgroup must consider wider implications before making any decision as to whether any alternative length is appropriate. We note there has been no impact assessment or cost benefit |

| | | |
|----|---|---|
| | <p>i) as a set length; or</p> <p>ii) to the nearest economic point of connection to the NETS; or</p> <p>iii) be unlimited; or</p> <p>iv) another option (if so please explain).</p> <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> | <p>analysis undertaken to determine whether or not there are adverse implications, and what the additional costs associated with implementing such a proposal could be.</p> <p>We note the proposal requires the TO to adopt the potentially 'unlimited' length asset. The current 2km cap limits potential exposure to liabilities the TO (and therefore end consumer) must bear upon adoption, through cable defects or poor installation, for example.</p> <p>In addition, there needs to be an assessment of additional costs that would be incurred by the TO to authorise, review, inspect installation etc prior to adoption, all of which would go back to consumers.</p> <p>We consider the existing 2km limit is the most appropriate length. Any longer than this has the potential to be shareable and, as such, the issues we have raised above and in Q7 could foreseeably arise.</p> |
| 9 | Should there be a clearer limit on the length of a Connection Asset construction? | No, the current definition is clear as 2km |
| 10 | Should the 2km cap be removed or a new cap be put in place. Please justify a new cap and to what level? | No, the 2km cap should remain. |
| 11 | Should the commercial charging boundary limitation of 2km vary from one connection to another dependent on basis of construction choices of a User? | The charging boundary is based on those assets which are deemed to be TCA, Sole use or shared use infrastructure. There should be no change to this on the basis of who constructs the assets. |
| 12 | Should the cap on length of Connection Assets be removed or revised? | The cap of 2km should not be removed or revised. |
| 13 | Should approval be required from the Transmission Owner and NGESO for connections in excess of 2km? Please provide rationale | Yes, approval should be required for any contestable works carried out on the network which would be adopted by the incumbent TO. Any issues with the design or build of the assets could |

| | | |
|----|---|--|
| | as to on what basis the approval would be denied? | compromise the safety and security of the network, its economic and efficient operation, and result in additional costs to other Users and, ultimately, the GB consumer. |
| 14 | 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? | Where the TO, in its obligation to be economic and efficient in its undertakings, would have incurred less expenditure for the construction, any increase to this cost by the User should not be borne by the TO, as this is ultimately recovered from GB consumers. |
| 15 | 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? | The second comer rule is a regulation defined within ECCR and is currently only applicable to the Distribution Network Operators. We do not believe this question to be within scope of the CUSC mod. |
| 16 | Do you foresee any legal or regulatory barriers or introducing a second comer rule equivalent into the CUSC for this purpose? | Not applicable as per above |