

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
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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?	CMP330 seeks to deliver improved choice for customers in contestability of connection assets. The proposal as drafted however may not achieve what the proposer is seeking. Our reasoning for this is outlined below.
2	Do you support the proposed implementation approach?	Whilst we are supportive of arrangements which facilitate competition and greater customer choice for contestability, we believe the proposal to amend the definition of connection assets, with no limitation on length of connection asset, may have wider consequences that need to be fully considered. We have set out some examples in our response to Q3 below that we believe would need further consideration before any decision is reached.
3	Do you have any other comments?	<p>As a TO, we must be mindful of our own licence obligations to develop, deliver and operate an economic and efficient transmission network.</p> <p>As noted above, we are supportive of improved customer choice in contestability of connection assets, however we do believe further consideration needs to be given to how the proposed arrangements would work in practice:</p> <p>For example,</p> <ol style="list-style-type: none"> 1. We do not agree that the proposed change to amend the definition of connection assets will not impact on the charging methodology. The current 2km limitation ensures there is a consistent and transparent

		<p>application of rules for parties seeking to connect and avoids discrimination to parties through being exposed to excessive connection charges for long circuits.</p> <p>2. It is unclear as to the rules which would govern the impact on other customers seeking to connect to the transmission network or embedded customers.</p> <p>If for example a customer under the Original Proposal elects to build a connection asset of 15km, it is unclear what would happen in instances where other customers apply to connect. Under current arrangements, the 2km rule ensures that the TO can facilitate the connections of other parties to the overall transmission system by developing economic solutions to accommodate multiple parties.</p> <p>Does the TO have a step in right under the Original Proposal if works are no longer deemed as contestable as they are now required to accommodate other connectees and therefore infrastructure?</p> <p>3. Are other connectees now exposed to the risk of another developer to construct and build the asset in a timely, safe and operable manner?</p> <p>4. We believe the impact on the charging arrangements as a result of the proposal would merit further consideration.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<p>We believe there is an alternative approach that could deliver the benefits with minimal impact to the charging arrangements which govern and define connection assets and infrastructure assets. We have outlined our proposal below for consideration. It is worth noting</p>

		<p>however that many of the wider consideration points identified under our Q3 response would also apply to this alternative proposal.</p> <p>Section 14.7 of CUSC sets out the option which customers have for contestability.</p> <p><i>“14.7.1 Some connection activities may be undertaken by the User. The activities are the provision, or construction, of connection assets, the financing of connection assets and the ongoing maintenance of those assets. While some Users have been keen to see contestability wherever possible, contestability should not prejudice system integrity, security and safety. These concerns have shaped the terms that are offered for contestability in construction and maintenance.”</i></p> <p>We suggest the group consider an alternative whereby the reference to “connection assets” is replaced with “single user assets”. This could deliver the benefits being sought by the proposer whilst avoiding possible wider charging and regulatory implications that may result from the Original Proposal.</p> <p>This proposal would retain the 2km rule and definition to the connection boundary to ensure there is a consistent and transparent application of charging rules for parties seeking to connect and avoids discrimination to parties through being exposed to excessive connection charges for long circuits.</p>
Modification Specific Workgroup Consultation questions		
5	What, if any role should Ofgem have in this proposed new process?	No Comment
6	Should there be a clearer limit on the length of a Connection Asset construction?	A clear limit on the length already exists as per CUSC Section 14.7
7	Can you identify/list scenarios in which this agreement shouldn't be given?	Whilst the origins of the 2km are unclear, the existing arrangements ensure that parties seeking to connect to the

		<p>transmission system beyond this defined distance are delivered in an economic and efficient manner and as a result facilitates the connection of further renewable generation to the overall transmission system.</p> <p>It is difficult to set out an explicit list of scenarios under which agreement for user self-build would not be given as every application would be considered on its own merits by the TO. As a minimum however, consideration would need to be given to impact on other customers, the TOs licence obligation to design and develop and efficient, and economic transmission system and the requesting customers' appointed contractors ability to demonstrate satisfactory accreditation to construct the asset against the requirements set out by the TO.</p>
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 refer to our previous responses noted for Q 2, 3 and 4
9	Should there be a clearer limit on the length of a Connection Asset construction?	Repeat of Q6 above
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 refer to our previous responses noted for Q 2, 3 and 4

11	Should the commercial charging boundary limitation of 2km vary from one connection to another dependent on basis of construction choices of a User?	No, we believe that there should be a consistent and transparent application of the commercial charging rules for parties seeking to connect to avoid discrimination and distortion of customer choice.
12	Should the cap on length of Connection Assets be removed or revised?	Please refer to our previous responses noted for Q 2, 3 and 4
13	Should approval be required from the Transmission Owner and NGESO for connections in excess of 2km? Please provide rationale as to on what basis the approval would be denied?	The existing arrangements for User Self-build require that Users discuss with the TO at an early stage (pre-application) to discuss the option of User Self-Build. As we have suggested above, the option for customers to build assets in excess where they are required for single user connection would be subject to assessment and agreement by the TO.
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?	<p>It is appropriate that the customer undertaking the contestable works bears full cost of any costs incurred over and above the cost the TO would have incurred.</p> <p>Where the TO identifies a requirement for the assets to be built to a standard over and above the minimum scheme, then the TO would fund the incremental cost.</p>
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?	<p>Arrangements already exist which considers circumstances where single user assets become shared and as a result the relevant assets will be re-classified as infrastructure.</p> <p>ECCR would not apply in the scenario suggested by the proposer as ECCR recovers from subsequent connectees to refund to the initial contributor. Where the single user connection assets are being re-classified as infrastructure the initial contributor would receive an appropriate level of refund and cease to pay for the assets once they become reclassified.</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>Please refer to our response above.</p> <p>The commonly referred to 'second-comer' rules which apply to distribution connections are a matter of primary legislation as set out in the Electricity Connection Charges Regulations. Whilst there is nothing that would prevent a CUSC party raising a modification to introduce similar arrangements at transmission, as the arrangements for distribution are governed by primary legislation and not by DCUSA or the DNO Statement of Methodology and Charges for Connection, confirmation from Ofgem and /or Government would be required to whether or not there is a regulatory or legal barrier.</p>
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