

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>We believe CMP330 affects the Applicable CUSC objectives in the following ways;</p> <ul style="list-style-type: none"> a) Positive – whilst this will be limited until further reforms are completed (i.e. CATOs), a greater range of options and more clarity over competition in the provision of connection assets should increase competition in the provision of connection assets and the associated benefits of this. This positive is partially offset however given this will not benefit all projects due to timing (i.e. contracted before this proposal) and connection specifics (i.e. design and knowledge of connectee to 'opt in'). b) Positive – whilst the Transmission Owner would not be building the assets, the assets would still be included in their regulated asset value. c) Positive – see points A and B above d) Neutral – no impact on this objective e) Positive – increased clarity around the subject of contestability in connection assets.
2	Do you support the proposed implementation approach?	Yes we support the proposed implementation as whilst no system changes will be needed to facilitate this proposal, STC changes, internal process revisions and staff training would be required.
3	Do you have any other comments?	Following our response to question 8, it is worth the workgroup considering in more detail if there should be a difference between the length;

		<ul style="list-style-type: none"> i. Which a connectee can build ii. The transmission owner would 'pay' the connectee for. <p>We believe there could be no restriction to (i) but that (ii) would be limited to the nearest valid connection point.</p> <p>We would also encourage and support a subsequent STC modification to ensure consistent application of CMP330 across all TOs and ensure alignment between all the commercial agreements (TOCO, Construction Agreement, Adoption Agreement etc) and ensuring consistent technical standards are developed and applied to contestably delivered works.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	Not at this time.
Modification Specific Workgroup Consultation questions		
5	What, if any role should Ofgem have in this proposed new process?	<p>We believe the role of Ofgem should be largely restricted to the roles they undertake today in the connections process (i.e. a dispute resolution role) as we do not believe they will add value to connections that are not disputed.</p> <p>With this in mind, we do believe there may be some benefit of Ofgem being involved in instances where a request for contestable connection works are denied or the value of the contestably delivered works are disputed.</p>
6	Should there be a clearer limit on the length of a Connection Asset construction?	The limit on the length of connections assets in the CUSC is currently clear (i.e. 2km maximum length) and the outcome of the proposal should be equally as clear.
7	Can you identify/list scenarios in which this agreement shouldn't be given?	We believe it's suitable that the 'default' for connection assets should be that they can be contestably delivered but the connectee should 'opt in' to this

		<p>approach. We also believe there should be a right of veto should the connectee, NGESO or TO have valid reason to believe that contestably delivered connection assets are not suitable for a specific connection.</p> <p>The following scenarios may be valid reasons why NGESO or TOs may deny contestably built connections;</p> <ul style="list-style-type: none"> • The connection assets are dependent upon other strategic wider works • If there are many projects in the area which would significantly affect the connection design should the contracted background change • It would mean any party being in breach of law or licence. <p>We do not believe this list is exhaustive but should be used to set principles which can be documented and consistently applied via a subsequent STC modification.</p> <p>Finally, we believe any disagreement in the application of the above (reasons for not allowing contestably built connections) should be managed by existing dispute processes.</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</p>	<p>We believe point 1 (a set length) or 2 (nearest valid point of connection to the NETS) would be suitable; another suitable option would be a combination of these (i.e. nearest valid point of connection to the NETS up to a length of ...km). There are however challenges with either of these approaches;</p> <p><u>Fixed length</u> This will largely be an arbitrary limitation. Whilst the below analysis provides insight in to what an 'average' circuit length is to help inform a kilometre number it does not mean a</p>

	view as to what the set length should be?	<p>longer than average connection asset circuit shouldn't be contestably built.</p> <p>Based on connections during the RIIO1 period, 268km of transmission circuit route applicable under the TNUoS local circuit methodology (both overhead lines and underground cables over 2km in length) have been built across Great Britain for 24 projects. The longest of these was 20km, the shortest was 3.9km and the mean average is 11.2km. We have no preference in terms of what this kilometre cap should be and would welcome suggestions from industry.</p> <p><u>Nearest NETS connection point</u> This requires all parties agreeing to the connection design. It is also unclear under this option whether this would actually limit the length if a connectee was willing to pay for a 'non-economic connection'. For example, if the nearest economic/valid connection point is 10km away but the connectee wishes to connect to a point 12km away (and are willing to pay an associated one-off cost), this does not stop the connectee building the 12km of connection assets. This is predicated on the assumption that the value the TO would pay to the connectee would be based on a 10km length and anything above this is funded directly by the connectee.</p>
9	Should there be a clearer limit on the length of a Connection Asset construction?	See response 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?	See our response to question 8.
11	Should the commercial charging boundary limitation of 2km vary from one connection to another dependent on basis of construction choices of a User?	We believe the commercial charging boundary should be linked to the principles of how the assets are used (and therefore charged) rather than a specific kilometre value. CMP330 will not change the basis of how connection

		<p>assets charges or TNUoS charges are calculated however it will impact on which methodology is applied (and so where the commercial charging boundary is located).</p> <p>As the proposal is for connectees to 'opt in' to building connection assets (and changing the connection charging boundary) and the TNUoS methodology would be applied when a connection asset becomes shared we do not perceive an issue here.</p> <p>We believe the connectee will end up paying more under connection asset methodology than the local circuit TNUoS methodology for the same circuit. This is difficult to demonstrate without specific examples (due to the differences in methodology) and so could vary project to project. Generally however, the connection asset methodology recovers the full cost of specific assets whilst the TNUoS local circuit methodology recovers a value based on the parameters from the transport model listed in CUSC 14.15.120.</p> <p>As this will be in an 'opt in' choice, the connectee can make the informed judgement of which is best for their project.</p>
12	Should the cap on length of Connection Assets be removed or revised?	See our response to question 8.
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?	See our response to question 13.
14	Should additional costs incurred over and above the cost the TO	We believe there are 4 broad categories of cost with a different party responsible

	<p>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>for each category. The difficulty will be assigning the total project cost across these 4 categories.</p> <p><u>1) 'Efficient Asset' value</u> This is the value associated with the most economic and efficient design; this should be the value paid by the TO to the connectee as per an adoption agreement.</p> <p><u>2) 'Snagging Cost'</u> These are costs to ensure that the works completed by the connectee are to the specification required by the TO. These would be borne by the connectee.</p> <p><u>3) Connectee requested One Off works value</u> Works requested by the connectee to modify the economic/efficient design to meet their need (e.g. different connection point, underground cable instead of OHL). These works costs would be borne by the connectee.</p> <p><u>4) TO requested One Off works value</u> Works requested by the TO to modify the economic/efficient design for singular connection of the connectee to meet the TO's need (e.g. anticipatory investment for future connections, oversized assets). These costs would be borne by the TO and paid to the connectee via the adoption agreement.</p>
15	<p>Where a Transmission Connection Asset has been capitally 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 capitally</p>	<p>Yes, we believe this suggestion will resolve the issue identified but will need to be clearly defined to ensure it is transparent and fairly applied.</p>

	contributed element. Do you agree with this suggestion?	
16	Do you foresee any legal or regulatory barriers or introducing a second comer rule equivalent into the CUSC for this purpose?	As long as this suggestion is clearly documented in the CUSC and STC, we do not foresee any additional legal or regulatory changes to be needed. Whilst primary legislation (like Electricity Connection Charges Regulations) would be helpful to support this suggestion, we do not believe it is a prerequisite.