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Date: 5 November 2018

Dear Trisha,

**Authority decision to direct that the modification report on Connection and Use of System Code (CUSC) CMP301: 'Clarification on the treatment of project costs associated with HVDC and subsea circuits' be revised and resubmitted**

National Grid Electricity Transmission (NGET) raised CMP301 for consideration by the CUSC Panel on 29 June 2018. The Panel decided to send the Proposal to Code Administrator Consultation without the need for an industry working group. On 8 August 2018, the CUSC Panel submitted a Final Modification Report (FMR) for CMP301 to the Authority.

We have determined that we cannot properly form an opinion on CMP301 based on the submitted FMR. We therefore direct that the FMR is revised and resubmitted to take into account our concerns expressed below.

We have identified the following concerns with the FMR:

1. The FMR explains that the modification is designed to achieve two outcomes: (i) to clarify the legal text and (ii) to align the treatment of expansion factors for high-voltage direct current (HVDC) and alternating current (AC) sub-sea circuits to that of onshore circuits. For the second outcome, it is unclear from the FMR whether this is a change to the current approach or a clarification of the existing approach, within the code. The FMR does not provide a detailed assessment of the impact of the proposed change and does not explain how this change would better facilitate the achievement of the codes objectives.
2. Without clarity on the intent of the modification, we are unable to assess whether or not the proposed legal text is legally robust and sufficiently clear to achieve the intent of the proposed modification.

We therefore direct that additional steps are undertaken by the CUSC Panel to address these concerns. A revised FMR should:

1. More clearly articulate the basis for the proposed modification. This should explain the reasons for aligning the treatment of HVDC and AC sub-sea circuits with onshore circuits, including explicit reference to previous policy decisions on this point and how the proposed alignment better facilitates the objectives of the CUSC. It should also explain why the reference to the percentage of the total overhead project costs is proposed to be inserted in section 14.15.76.

2. Review the legal text to ensure it is consistent with the intent of the proposed modification, and is legally robust and sufficiently clear.

We note that the FMR, as well as the CMP301 proposal and consultation, generally lack sufficient explanation to allow the Authority to make an informed decision on the proposed modification. We encourage you to review past documentation that informed the decision to raise this code modification.<sup>1</sup>

After addressing the issues discussed above, and revising the FMR accordingly, the CUSC Panel should re-submit it to us for decision as soon as practicable.

Yours sincerely

Andrew Self

**Head of TCR**

Signed on behalf of the Authority and authorised for that purpose

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<sup>1</sup> For instance, the slides from the June 2018 meeting of the Transmission Charging Methodology Forum:  
<https://www.nationalgrideso.com/sites/eso/files/documents/TCMF%20Slidepack%20June%202018.pdf>