

Modification proposal:	Connection and Use of System Code (CUSC) CMP370: Revision of the connection offer acceptance period for interactive connection offers (CMP370)		
Decision:	The Authority ¹ directs that this modification be made ²		
Target audience:	National Grid Electricity System Owner (NGESO), Parties to the CUSC, the CUSC Panel and other interested parties		
Date of publication:	20 September 2021	Implementation date:	4 October 2021

Background

National Grid Electricity System Operator (“NGESO”) published an interim interactivity policy³ for connection offers in December 2020. NGESO developed this policy in consultation with industry and affected stakeholders through the Energy Networks Association (“ENA”) Open Networks Project. The policy aims to provide a transparent, consistent and fair process for all interactive connection offers. All Network Operators are currently implementing this interactivity policy.

NGESO (and the Transmission Owners) use the interactivity policy when they receive two or more connection or use of system applications impacting the same part of the existing or future National Electricity Transmission System (“NETS”), but where not all applicants can be connected due to restrictions. These restrictions include limited network capacity, fault levels, or physical limitations such as space to upgrade a substation. The interactivity policy determines which applicants can connect on the terms offered and which will need to be re-offered (if applicable). CMP370 is concerned only with applications impacting on the NETS.

¹ References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ Interim Policy and Guidelines for Managing Interactive Offers:
<https://www.nationalgrideso.com/document/183716/download>

The CUSC currently specifies that a Connection Offer, Use of System Offer or Modification Offer⁴ remains open for acceptance for a period of three months. This does not align with the acceptance period that will apply under the interactivity policy, which is 30 calendar days for transmission applicants and 45 calendar days for applicants to the Distribution Network Operator in the event of interactivity. CMP370 seeks to rectify this defect.

The modification proposal

This modification proposal was raised by NGESO (the proposer) on 15 April 2021. The proposed solution aims to ensure that CUSC parties remain compliant with the CUSC whilst applying the interactivity policy by:

- Adding a new paragraph as 6.10.4.4 to Section 6.10.4 'Modification Offer and Connection Offer conditional upon other Modification and Connection Offers' and making slight amends to Paragraphs 1.7.3 'BELLA Application', 2.13.3 'New Connection Sites', 3.7.4 'Use of System Application', 6.9.2.3 'Modifications Proposed by Users' and 9.17.3 'New Connection Sites' of the CUSC;
- Adding new definitions for "Interactivity", "Interactivity Policy" and "Offer Acceptance Period" at Section 11 of the CUSC; and
- Correcting paragraph references at Paragraph 6.10.4.3 of the CUSC.

The solution will then align the CUSC acceptance period to the new interactivity policy.

A response to the first Code Administrator Consultation ("CAC") suggested that the proposed definition of "Interactivity" did not align with the intent of the modification. NGESO provided amended legal text for the definition of "Interactivity", which necessitated a second CAC. The only response to the second CAC suggested deleting the words "Total System which comprises the" from the new definition of "Interactivity" suggested for Section 11 of the CUSC.⁵ This suggested deletion was included within the Final Modification Report ("FMR").

⁴ All as defined in Section 11 of the CUSC.

⁵ At the CUSC Panel meeting on 30 July 2021, the CUSC Panel unanimously agreed that the removal of these words was not required.

NGESO reasoned that CMP370 would have a positive impact on applicable CUSC objectives (a)⁶, (b)⁷ and (d)⁸ as below:

- Objective (a) – by providing clarity to NGESO and Network Operators on the correct process to efficiently manage interactive connection offers;
- Objective (b) – by providing clarity in the timescales connecting Users⁹ can expect from the connection offer process for interactive offers, which better supports effective competition; and
- Objective (d) – by clarifying a consistent process for interactive connection offers, thereby reducing ambiguity and promoting efficiency in the connections process.

CUSC Panel¹⁰ recommendation

At the CUSC Panel meeting on 30 July 2021, the CUSC Panel unanimously agreed that CMP370 would better facilitate the applicable CUSC objectives and the CUSC Panel therefore recommended its approval. The CUSC Panel unanimously agreed that CMP370 better facilitated applicable CUSC objectives (b) and (d) and had a neutral impact on applicable CUSC objective (c). The majority of the panel agreed that CMP370 better facilitated applicable CUSC objective (a).

Our decision

We have considered the issues raised by the modification proposal and the FMR dated 13 August 2021. We have considered and taken into account the responses to the industry consultations on the modification proposal which are attached to the FMR.¹¹ We have concluded that:

⁶ CUSC objective (a) is the efficient discharge by the licensee of the obligations imposed upon it under the Act and by the Transmission Licence.

⁷ CUSC objective (b) is facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.

⁸ CUSC objective (d) is promoting efficiency in the implementation and administration of the CUSC arrangements.

⁹ As defined in Section 11 of the CUSC.

¹⁰ The CUSC Panel is established and constituted from time to time pursuant to and in accordance with section 8 of the CUSC.

¹¹ CUSC modification proposals, modification reports and representations can be viewed on NGESO's website at: <https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc/modifications>

- implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the CUSC;¹² and
- directing that the modification be made is consistent with our principal objective and statutory duties.¹³

Reasons for our decision

We consider this modification proposal will better facilitate applicable CUSC objectives (a), (b) and (d). We consider it has a neutral impact on applicable CUSC objective (c), as there is no discernible impact on compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.¹⁴

(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence

The majority of the CUSC Panel agreed that CMP370 better facilitated applicable CUSC objective (a). We agree with the assessment of the CUSC Panel. CMP370 provides greater clarity to NGESO and Network Operators on the correct process to manage interactive connection offers efficiently. CMP370 also enables NGESO and Network Operators to efficiently fulfil their licence obligations to offer connections where possible. We therefore consider CMP370 to have a positive impact on applicable CUSC objective (a).

(b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity

The CUSC Panel unanimously agreed that CMP370 better facilitated applicable CUSC objective (b). We agree with the assessment of the CUSC Panel. CMP370 implements clear and standardised acceptance periods to deal with multiple interactive connection applications on a fair and equal basis. This facilitates competition between Users by enabling them to make decisions based on a full understanding of the connection offer.

¹² As set out in Standard Condition C10(1) of the Electricity Transmission Licence, see: <https://epr.ofgem.gov.uk/Content/Documents/Electricity%20transmission%20full%20set%20of%20consolidated%20standard%20licence%20conditions%20-%20Current%20Version.pdf>

¹³ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

¹⁴ Applicable CUSC objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators ("ACER").

We therefore consider CMP370 to have a positive impact on applicable CUSC objective (b).

(d) promoting efficiency in the implementation and administration of the CUSC arrangements

The CUSC Panel unanimously agreed that CMP370 better facilitated applicable CUSC objective (d). We agree with the assessment of the CUSC Panel. CMP370 aligns the CUSC to the interactivity policy, clarifying a consistent approach to interactive connection offers. This reduces ambiguity in the connections process and promotes efficiency and transparency. We therefore consider CMP370 to have a positive impact on applicable CUSC objective (d).

Decision notice

In accordance with Standard Condition C10 of the Transmission Licence, the Authority, hereby directs that modification proposal CMP370: 'Revision of the connection offer acceptance period for interactive connection offers' be made.

Next steps

For the avoidance of doubt, we expect NGESO and Network Operators to inform connections customers of this change to offer acceptance periods and when interactivity is triggered.

David Beaumont

Senior Economist – Energy Systems Management and Security

Signed on behalf of the Authority and authorised for that purpose