CMP376

Thursday 28 October 2021

Online Meeting via Teams

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WELCOME
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Modification Process

Paul Mullen – National Grid ESO Code Administrator

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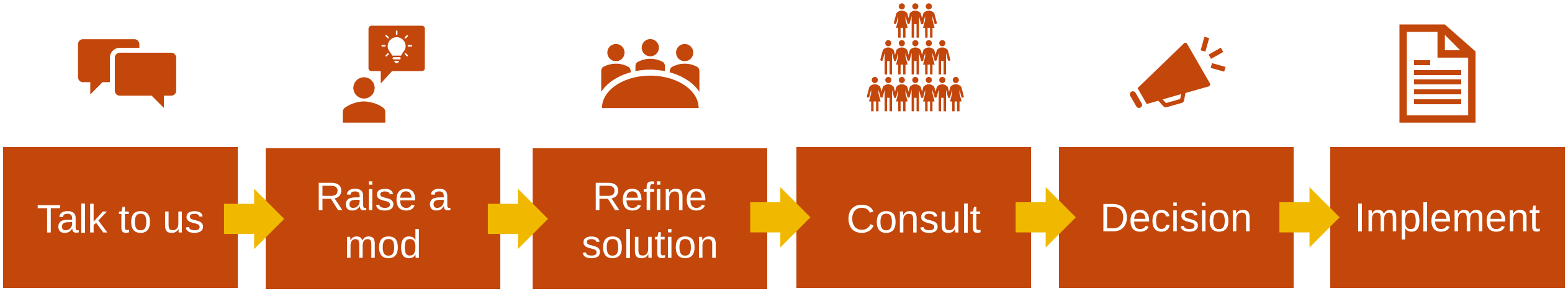
Code Modification Process Overview



Forums

Panels

Workgroups
(Workgroup Consultations)

Ofgem/Panel

Refine solution

Workgroups

- If the proposed solution requires further input from industry in order to develop the solution, a Workgroup will be set up.

- The Workgroup will:
  - further refine the solution, in their discussions and by holding a **Workgroup Consultation**
  - Consider other solutions, and may raise **Alternative Modifications** to be considered alongside the Original Modification
  - Have a **Workgroup Vote** so views of the Workgroup members can be expressed in the Workgroup Report which is presented to Panel

Consult

Code Administrator Consultation

- The Code Administrator runs a consultation on the **final solution(s)**, to gather final views from industry before a decision is made on the modification.

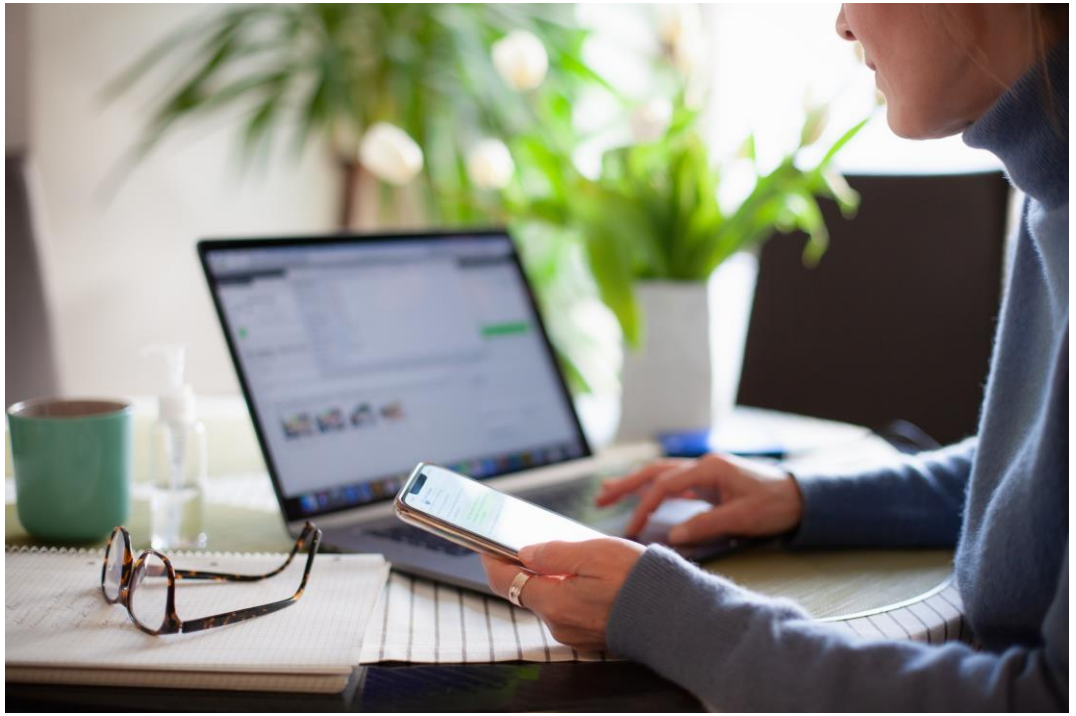
- After this, the modification report is voted on by Panel who also give their views on the solution.

Decision

- Dependent on the Governance Route that was decided by Panel when the modification was raised
- **Standard Governance:** Ofgem makes the decision on whether or not the modification is implemented
- **Self-Governance:** Panel makes the decision on whether or not the modification is implemented
  - an appeals window is opened for 15 days following the Final Self Governance Modification Report being published

Implement

- The Code Administrator implements the final change which was decided by the Panel / Ofgem on the agreed date.



Objectives and Timeline

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Timeline for CMP376 V1 as at 16 September 2021

Milestone	Date	Milestone	Date
Workgroup Nominations (15 working days)	Closed	Panel sign off that Workgroup Report has met its Terms of Reference	25 February 2022
Workgroup 1 - Understand proposal and solution, note the scope and identify any possible alternative solutions, agree timeline, agree and review terms of reference, agree next steps	28 October 2021	Code Administrator Consultation (15 Working Days)	7 March 2022 to 5pm on 28 March 2022
Workgroup 2 - Review solution(s) and Legal Text, finalise Workgroup consultation (including agreeing Workgroup Consultation questions)	17 November 2021	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	21 April 2022
Workgroup Consultation (15 Working Days)	29 November 2021 to 5pm on 20 December 2021	Panel undertake DFMR recommendation vote	29 April 2022
Workgroup 3 - Assess Workgroup Consultation Responses, review legal text, carry out Alternative Vote	14 January 2022	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	4 May 2022
Workgroup 4 – Finalise solution(s) and legal text, agree that Terms of Reference have been met, Review Workgroup Report and hold Workgroup Vote	4 February 2022	Final Modification Report issued to Ofgem	12 May 2022
Workgroup report issued to Panel (5 working days)	17 February 2022	Ofgem decision	TBC
		Implementation Date	10 working days after Authority Decision

Workgroup Responsibilities

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Expectations of a Workgroup Member

- Contribute to the discussion
- Be respectful of each other's opinions
- Language and Conduct to be consistent with the values of equality and diversity
- Do not share commercially sensitive information
- Be prepared - Review Papers and Reports ahead of meetings
- Complete actions in a timely manner
- Keep to agreed scope

Your Roles

- Help refine/develop the solution(s)
- Bring forward alternatives as early as possible
- Vote on whether or not to proceed with requests for Alternatives
- Vote on whether the solution(s) better facilitate the Code Objectives

Workgroup Alternatives and Workgroup Vote

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CMP376 – Can I vote? and What is the Alternative Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings

Stage 1 – Alternative Vote

- Vote on whether Workgroup Alternative Requests should become Workgroup Alternative CUSC Modifications.
- The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.
- **Should the majority of the Workgroup OR the Chairman believe that the potential alternative solution may better facilitate the CUSC objectives than the Original then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM)** and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.

CMP376 – Can I vote? and What is the Workgroup Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings

Stage 2 – Workgroup Vote

- 2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC)
- 2b) Where one or more WACMs exist, does each WACM better facilitate the Applicable CUSC Objectives than the Original Modification Proposal
- 2c) Vote on which of the options is best.

Terms of Reference

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CMP376 – Terms of Reference

Workgroup Term of Reference	Location in Workgroup Report
a) Consider EBR implications	
b) Consider how the ESO communicates it's acceptance (or not) of the evidence of milestone completion provided by the User	
c) Consider what would happen if the ESO and Transmission Owner do not agree in terms of the evidence provided.	
d) Consider interaction with other provisions in the CUSC, Construction Agreements and Connection Agreements that deal with project delays and termination of agreements (e.g. Quarterly Updates)	
e) Consider whether a delay beyond tolerance means that that the Construction Agreement is terminated or is there still provision to delay connection date. Consider previous work on CAP150 in this regard	
f) Consider requirement to ensure Construction Agreement Milestones (Appendix J) responsibilities are clearly defined specifically with respect to consents and land rights	
g) Consider what, if any, steps can be taken to prioritise allocation of freed capacity to projects needed to comply with the Electricity System Restoration Standard	
h) Consider requirement for contractual link between Transmission and Distribution agreements for same connections where a decision to terminate triggered from one agreement affects the other (including consideration of associated termination/cancellation costs)	
i) Consider the process for how User Commitment will change for those Users, who are allowed to advance their connection date	
j) Consider what should be codified in the CUSC and what should be incorporated into the ENA guidance document	

Proposer's Solution:

Background;

Proposed Solution;

Scope; and

Assessment vs Terms of Reference

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CMP376: Inclusion of Queue Management process within the CUSC

Keren Kelly NGESO

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Introduction to Queue Management

Queue Management arrangements have been developed through the Energy Network Association (ENA) as part of the Open Networks Project.

Queue Management is a process to manage contracted connections (Transmission and Distribution) against limited network capacity to enable fair and effective use of available network capacity.

To date network companies have managed contracted connections, both generation and demand, against limited network capacity and largely on a 'first to contract, first to connect' principle.

The main components of Queue Management are:

Milestones: benchmarks agreed between network companies and customers to measure and track project progress towards a contracted connection date.

Tolerance: recognition that some delays can lead to milestones not being achieved and provides customers with an opportunity to get their project back on track.

Queue Management enables:

- Effective management of contracted projects which are not progressing against agreed milestones;
- Avoidance of stalled or slow-moving projects from affecting other projects in queues;
- Network companies to terminate agreements if delays to projects exceed the tolerances given.

Development of Queue Management Policy through Open Networks

Queue management arrangements have been developed through the Energy Network Association (ENA) as part of the Open Networks Project. The Open Network project is a major industry initiative to transform the way our energy networks operate to facilitate the transition to a smart flexible energy system.

- **2018 consultation** – providing stakeholders with a review of network companies' approach to queue management and seeking views on the approach for 2019

Adobe Acrobat Document

- **2019 consultation** – set out a Queue Management policy framework (awaiting document from ENA)
- **2020 consultation -** sought stakeholder comments on the User Guide based previous consultations and our 'minded to' policy here
- **In Dec 2020**, the final Queue Management User Guide and implementation plan was published by ENA here
- **In July 2020,** the ENA Queue Management User Guide was updated to reflect further stakeholder feedback here

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Queue Management Milestones

- The current milestones developed in 2016 remain unchanged and a new milestone which demonstrates Project Commitment has been created. They:
  - Represent the agreed key stages requiring completion to allow the project to connect on time.
  - Are intended to be transparent and realistic and with an expectation that customers will undertake relevant key stages of project development.
  - Are supported by timescales and the requirement to provide suitable evidence.
- A high-level overview of the milestones is shown in the table below:

Milestone	Action	Commencement
M1	Initiated Statutory consent including Planning Permission	From offer acceptance
M2	Secured Statutory Consents and Planning Permission	From offer acceptance
M3	Secure Land Rights	From offer acceptance
M4	DIA Interface	N/A
M5	Contestable Design Works Submission	N/A
M6	Provision and agreement of Construction Plan	After achieving Planning Permission
M7	Project commitment	Agreed as part of M6
M8	Project construction	Agreed as part of M6

Other Features of the ENA Queue Management Policy

Tolerance Period

- Allows customers to manage reasonable delays that are within their control
- There are differences to how Tolerance is used for the earlier and later milestones. For the earlier milestones, the concept of 'Cumulative Delay' is applied so that delays against milestones are added up and compared to the relevant tolerance period.
- For the later milestones, the delay against the specific milestone is compared to the relevant tolerance period to determine the project status.

Exceptional Issues outside of User's Control

- Queue Management recognises that there may be exceptional issues that customers cannot control and which may lead to project delay.
- Further details on the types of issues that will be considered out with a customer's control are listed in the ENA guide.
- Projects experiencing delays of this nature will not change its project status if
  - they discuss the specifics of the delay with the network company at the earliest opportunity; and
  - they provide reasonable evidence to justify the specific delay.
- For the avoidance of doubt, a failure to comply with any of these conditions can result in a failure of a milestone and a change in the project status.

Workgroup Development

- Following presentation at CUSC Panel in July, a number of points were raised by Panel members that need to be explored/developed through the modification process.
- The points raised have fed into the Terms of Reference for the Workgroup

Overview of Proposed Solution

- Proposed solution is to codify the Queue Management Process described in the ENA Queue Management User Guide within the CUSC subsidiary documents.
- Updates to the Construction Agreement templates:
- A new clause 'Queue Management Process' and some new defined terms
- Appendix Q Queue Management Process to include:
  - User Progression Milestones – a series of eight milestones with associated descriptions, suitable evidence and milestone periods. The template includes different milestone timescales depending upon whether an Environmental Impact Assessment is required.
  - Tolerance Periods – a description of tolerance periods that will be applied to milestones to allow management of any reasonable delays that are within control of the User.

  The tolerance period for a project varies by voltage level as shown in the table below.

Project voltage	Project Status		
	On track	Within Tolerance	Termination
LV & HV	Milestones achieved without delay	Up to 65 working days (approx 3 months)	More than 65 working days (approx 3 months)
EHV & 132kV		Up to 130 working days (approx 6 months)	More than 130 working days (approx 6 months)
275kV, 400kV & offshore 132kV		Up to 260 working days (approx 12 months)	More than 260 working days (approx 12 months)

Overview of Proposed Approach

- **Application of Queue Management – Distribution and Transmission connected considerations:**
- Suggest that projects connected to the distribution system are exempt from application of Queue Management process under the CUSC. The connection applications will have Queue Management applied through the DNO.

- **Project Categories**
- The ENA Queue Management Guide allows for different milestone timings depending upon whether an Environmental Impact Assessment (EIA) is required.
- We are proposing that a third set of milestone options are considered within this modification, which allows for milestone deadlines to be created based on the agreement of the Construction Plan.
- We believe this should be applicable to Offshore Users, Users with projects subject to a Development Consent Order and projects with extended connection dates.

Milestones

➢ **Consider how the ESO communicates it's acceptance (or not) of the evidence of milestone completion provided by the User (ToR b)**

- As per the ENA guide, it is the User's responsibility to provide evidence to both the ESO and relevant TO upon completion of each milestone
- For each milestone, Appendix Q will outline details of the evidence to be provided
- The ESO and TO should liaise with one another to confirm the position in relation to evidence provided (STC change)
- The ESO intends to use an email template to confirm back to the User if the evidence is accepted or not and therefore, whether the milestone is considered to be achieved
- The ESO recognises that evidence will also be provided by the User to demonstrate issues that occur, outside of the User's control. Where there are these exceptional issues, it is important for the User to provide evidence to the ESO and relevant TO which justifies the specific delay.
- The ESO uses Salesforce (a Customer Relationship Management platform) to record the milestones and User progress against these. Once evidence is provided and accepted, the ESO will update Salesforce to ensure an accurate record is maintained.

Milestones

- **Consider what would happen if the ESO and Transmission Owner do not agree in terms of the evidence provided (ToR c)**

- To some extent this is out of the scope of the CUSC mod and will be picked up between the ESO/TO if necessary under the STC mod
- The process would include an escalation route within the ESO
- Ultimate escalation to Ofgem

Milestones

- **Consider whether a delay beyond tolerance means that the Construction Agreement is terminated or is there still provision to delay connection date. Consider previous work on CAP150 in this regard (ToR e)**
- Proposal that milestones are grouped into ‘Early Milestones’ and ‘Later Milestones’

Early Milestones	1, 2, 3, 4, 6
Later Milestones	5, 7, 8

- For early milestones, the ESO will have the right to terminate the Construction Agreement
- For later milestones, the ESO will have the right to terminate the Construction Agreement or revise the Construction Agreement (plus ConsAg appendices and BCA Appendices A, B, D and F3 to F5)
- The status of a project will always consider any ‘exceptional circumstances’ i.e. those circumstances out with the User’s control, in determining if a Construction Agreement should be terminated

Milestones

- **Consider whether a delay beyond tolerance means that that the Construction Agreement is terminated or is there still provision to delay connection date. Consider previous work on CAP150 in this regard (ToR e)**
- CAP150 Capacity Reduction
- Raised in 2007 and implemented in 2008
- Intent was to allow National Grid to identify and trigger a process to reduce the contracted capacity for projects that would not be utilising the full contracted capacity on the connection date
- The process can initiate a Mod App and trigger a reassessment of transmission works
- Note that this modification introduced a process where termination was not part of the solution, although it was suggested as a Workgroup Alternative

Milestones

- **Consider requirement to ensure Construction Agreement Milestones (Appendix J) responsibilities are clearly defined specifically with respect to consents and land rights (ToR f)**

- The ESO has been working with all TOs on the form of the new ConsAg Appendix Q and believes that the milestone wording allows for different planning approaches across devolved administrations
- The ENA Queue Management policy aimed to produce standard milestones without regional variation
- This proposal uses the ENA milestones but amends the wording to ensure they are more specific to transmission applications

Contractual Considerations

- **Consider interaction with other provisions in the CUSC, Construction Agreements and Connection Agreements that deal with project delays and termination of agreements (e.g. Quarterly Updates) (ToR d)**
- We are not proposing that any changes to the main body of the CUSC are required (subject to any amendments to Section 15 if determined necessary)
- We do not believe changes are required to the connection agreement templates
- An additional reference is to be included in the termination clause of the ConsAg templates

Contractual Considerations

- **Consider requirement for contractual link between Transmission and Distribution agreements for same connections where a decision to terminate triggered from one agreement affects the other (including consideration of associated termination/cancellation costs) (ToR h)**
- The ESO has arrangements in place that link termination of the DNO/BEGA CUSC ConsAg to termination of the BEGA agreements/agreements between the developer and the DNO
- This is in addition to the existing CUSC (sec 3 para 3.2) provisions requiring agreements with the DNO to be in place subject to developer having agreements with the DNO
- We suggest expanding the existing arrangements and clarifying within the ConsAg that application of the Queue Management Process could lead to termination

Queue Management Principles

- **Consider what, if any, steps can be taken to prioritise allocation of freed capacity to projects needed to comply with the Electricity System Restoration Standard (ToR g)**
- Currently operate on a first come/first served approach and do not envisage this will change with the introduction of a Queue Management process

- **Consider the process for how User Commitment will change for those Users, who are allowed to advance their connection date (ToR i)**
- Where a User has the opportunity to advance their connection date, this will be optional
- The ESO manages connection applications where the connection date changes (advancement as well as delays)
- We propose that changes would be managed through the Mod App process which would alter security requirements in line with a revised connection date

Application of Code Change

- **Consider what should be codified in the CUSC and what should be incorporated into the ENA guidance document (ToR j)**
- Subject to discussion on ToR within the workgroup, we anticipate drafting within the CUSC to remain similar to that included with the proposal form
- Proposed solution is to codify the Queue Management Process described in the ENA Queue Management User Guide within the CUSC subsidiary documents.
  - The updates will be made to the Construction Agreement template (contained within CUSC Schedule 2 Exhibit 3 part 1 and 2 and Schedule 2 Exhibit 3A).
  - It is proposed that the Construction Agreement template will include:
    - a new Appendix Q Queue Management Process.
    - a new clause titled 'Queue Management Process' and new defined terms
- Appropriate balance between CUSC and ENA Policy guide
- We have opportunity to feed back to Open Networks product group and can recommend transmission-specific amendments to the ENA Policy guide, but they are under no obligation to make those changes
- **Consider links to STC and potential mod**
- Our understanding so far is that the STC modification will be consequential to this CUSC modification
- ESO and TOs to agree who will raise STC modification

Appendix 1: An Example of Queue Management

- Consider the following simple example:
  - **Queue 1**: All projects are progressing against agreed milestones.
  - **Queue 2**: Project A has exceeded the tolerance, failed a milestone and their contract is terminated.
  - **Queue 3**: Project D accepts the opportunity to move up the queue and can now connect without requiring reinforcement.
- The diagrams below show the changing queue position where a project breaches the tolerance, fails a milestone and has their contract terminated.