

Workgroup Consultation Response Proforma

CMP330: Allowing new Transmission Connected Parties to build Connection Assets greater than 2km in length & CMP374: 'Extending contestability for Transmission Connections.

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 17 January 2022**. 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:

- 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/CMP374 Original Proposal better facilitates the Applicable Objectives?	Yes we believe that the broadening of CMP374 greater facilitates the stated objectives.
2	Do you support the proposed implementation approach?	Yes we support the proposed approach and believe the proposals will benefit the industry, end consumers and would facilitate the progression of network security and climate change objectives. It will help create dynamic and flexible environment with greater innovation and participation from a wider group of stakeholders, and would result in cost and time efficiencies in the connection process.
3	Do you have any other comments?	n/a
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No
Modification Specific Workgroup Consultation questions		
5	Do you agree with the proposed solution that one offer with two options (contestable/non-contestable) would represent the best approach?	Yes – consistent with the distribution connection approach, on the condition that this does not increase the offer timescales. We acknowledge the risk identified in the report that providing both contestable and non-contestable options in one offer might result in minor additional processes. However we support the point outlined in the report that flagging an intention to carry out contestable works at the application stage, combined with early engagement with the TO and NGENSO would mitigate this risk allowing for a collaborative approach, representing the best outcome for all parties and the industry.

6	<p>Should there be a process to allow subsequent applicants to take over the contestable build already negotiated with the TO? If so, should this process have a 'point of no return' where this option is restricted?</p>	<p>We have concerns that this would negatively affect the contracted position of the first applicant. There needs to be contractual certainty to allow the first applicant to progress their own programme of works without interference from a third party. However if it is determined that there is a process to allow subsequent applicants to take over the contestable build process there would need to be a clearly defined point of no return and it would need to be with explicit agreement of the first applicant.</p> <p>We query and challenge the point outlined in the report that "existing backgrounds" (not contracted background) would be taken into consideration when developing an offer. All risks would be mitigated by the Adoption Agreement and the fact that the applicant would be taking the financial risk themselves prior to adoption, therefore no additional assessment of "existing backgrounds" would be required. The existing distribution process does not include any additional considerations, and these additional steps would only delay the process and isn't consistent with a whole system approach.</p>
7	<p>Are the proposed intervention criteria sufficient? Are there any additional criteria that should be considered? Please provide your views.</p>	<p>The intervention criteria are too broad and don't provide sufficient guarantees that they will be applied objectively and consistently. The criteria need to be transparent and more specific so that the industry can plan and manage their own activities with certainty that if they can demonstrate compliance with the specific criteria then they would be able to construct contestable assets. As it is drafted the criteria are discretionary and favour the TO to the detriment of wider industry as there is insufficient detail or protections for the applicant. There should also be a requirement for the TO to demonstrate and evidence their</p>

		<p>decision to apply the intervention criteria. We also support the views of the workgroup members who highlighted the need for external regulation and guidance on interpretation and application of the intervention criteria.</p>
8	<p>Do you agree that no additional safeguards are required for the delivery of non-shared Infrastructure Assets via contestable works? If not, what protections would you wish to see?</p>	<p>No further safeguards are required. We support the view of the majority of the workgroup that through the application of the principles for adoption agreement there are sufficient safeguards in place. We acknowledge the compliance risks outlined, but we are of the view that it is expressly the purpose of the adoption agreement to include provisions to ensure that the work is of a quality and to a specification such that the TOs' obligations under the transmission licence, price control and code framework are not compromised.</p>
9	<p>Do you agree with the principles of what needs to be included in the Adoption agreement as set out in Annex 4.</p>	<p>In broad terms we are in agreement with the principles in the adoption agreement, with some qualifications below. We support the view that the Adoption Agreement should be codified, and also that the template adoption agreements should be published by the TOs and approved by OFGEM. This will benefit the industry by providing clarity of expectations about what the requirements of contestability ultimately will be. If the Adoption Agreements are not codified or published then it restricts the capacity of parties to assess their own project and understand the possibilities of constructing contestable assets, thereby defeating the purpose of the proposal. Greater transparency and a consistency of approach by all TOs to all parties will benefit the wider industry and the end consumer.</p>
10	<p>A potential alternative solution is that the contestability could be limited to just 132kV in Scotland,</p>	<p>Introducing 132kV into Scotland would indicate a significant industry development and if this is not applied to</p>

	which in the Proposer's view is in line with treatment of 132kV in England and Wales. Do you think this is appropriate? Please provide justification for your views.	the whole of transmission this would represent a sub-optimal outcome. Only applying contestability to part of the transmission network would be inconsistent with a whole system approach.
11	Are there any issues for stakeholders to extend contestability to building assets above 132kV.	We have no issues with this and are of the view that all voltages should be included within this proposal. If they are not then it introduces discrimination, either geographic or from a voltage perspective, and is inconsistent with a whole system approach.
12	Will the CMP330/374 Original Proposal / possible alternatives impact your business. If so, how?	This will provide a significant opportunity for our business. We are of the view that all stakeholders with the capacity and capability to build transmission assets should be permitted to, subject to the overriding requirement that system safety and integrity is not compromised. Net Zero will require significant additional assets and a challenging workload for TOs. Contestability will provide additional capacity to deliver the enhanced transmission network that is required, enabling TOs to focus on their mission critical work.
13	Do you think this change will benefit your organisation, other organisations, or end consumers? Please provide evidence and/or examples to support this.	<p>We are of the view that the introduction of greater contestability in the construction of connection assets has a range of benefits to the wider industry and to end consumers.</p> <p>Facilitating developers to build a wider range of contestable assets promotes more effective competition across the market, allowing a greater range of stakeholders to carry out works that have historically only been carried out by Transmission Operators. This will inevitably lead to greater competition, time and cost savings and efficiencies, resulting in wider benefits to the consumer and industry. This would be</p>

		<p>consistent with NGESO’s stated ambition to enable more competition across the markets as part of their ‘Competition Everywhere’ ambition. It was suggested also that reduced costs would potentially result in lower use of system costs after completion.</p> <p>The proposals allow for greater innovation across the marketplace, resulting in more efficient and effective solutions. Construction of contestable assets would necessarily only be of benefit if it resulted in time and/or cost savings, and it is noted that a wider group of stakeholders would allow for a greater range of solutions, introducing a degree of innovation that Transmission Operators might not themselves be in a position to provide.</p> <p>We are of the view that the proposed modification would also be in line with wider regulatory direction being advocated by NGESO and OFGEM. The stated Whole System Approach stresses that the collaboration and working with other stakeholders to proactively develop innovative new solutions is central to delivering the required energy transition to Net Zero. Similar themes are outlined by OFGEM through licence changes at the end of the Brexit Transition Period , where the British Electricity Trading and Transmission Arrangements (BETTA) explicitly calls for reform in the way that generators and suppliers plug into the transmission system to ensure that they have open and fair access to the network.</p>
14	<p>Do you believe this proposal brings forward any additional risks of the Onshore TO’s, other than those already identified? Do you think a license change is required to mitigate the risks fully?</p>	<p>No additional risks.</p>

