CUSC Modification Proposal Form

CMP428:

User Commitment liabilities for Onshore Transmission circuits in the Holistic Network Design

Overview: To define the User Commitment liabilities for generators connected to circuits being classified as onshore transmission within the Holistic Network Design (HND). This is to ensure that the purpose and function of circuits classified as onshore transmission are considered when determining which users are responsible for the associated liabilities.

Modification process & timetable

1. **Proposal Form**
   11 January 2024
2. **Code Administrator Consultation**
   13 February 2024 - 05 March 2024
3. **Draft Final Modification Report**
   14 March 2024
4. **Final Modification Report**
   08 April 2024
5. **Implementation**
   14 June 2024

Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

This modification is expected to have a: Medium impact

On National Grid ESO, Offshore Generators and Consumers.

Proposer's recommendation of governance route	Standard Governance modification to proceed to Code Administrator Consultation	
Who can I talk to about the change?	**Proposer:** Nitin Prajapati Nitin.Prajapati@nationalgrideso.com 07790970158	**Code Administrator Contact:** Claire Goult Claire.Goult@nationalgrideso.com 07902312226

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What is the issue?

The Electricity System Operator (ESO) published the Holistic Network Design (HND) in July 2022 to develop a coordinated approach to offshore wind connections. The Authority subsequently published a decision on asset classification for the HND categorising the transmission assets into either onshore transmission, radial offshore transmission or non-radial offshore transmission. Onshore transmission delivers wider system benefit to transport electricity generated from a congested region behind that boundary onshore, to other parts of the onshore system with a demand bias.

The current definition of Attributable Works is outlined in CUSC section 11 as follows:

'those components of the **Construction Works** which are required (a) to connect a **Power Station** or **Interconnector** which is to be connected at a **Connection Site** to the nearest suitable **MITS Node**; or (b) in respect of an **Embedded Power Station** from the relevant **Grid Supply Point** to the nearest suitable **MITS Node** (and in any case above where the **Construction Works** include a **Transmission** substation that once constructed will become the **MITS Node**, the **Attributable Works** will include such **Transmission** substation) and which in relation to a particular User are as specified in its **Construction Agreement**;'

Applying the current definition of Attributable Works to the HND would lead to certain onshore transmission circuits being classed as Attributable Works. This would result in Generators connected to onshore transmission in the HND being responsible for liabilities associated with these circuits which deliver wider system benefit.

Why change?

The asset classification decision confirms the purpose of onshore transmission circuits in the HND are to reinforce the onshore network and therefore deliver wider system benefit. So, applying the current definition of Attributable Works would lead to unjustifiable and significant financial liabilities for certain developers in the HND.

It would not be cost reflective for these developers to secure works associated with onshore transmission circuits as they serve a broader purpose for wider users. Therefore, it is important to review the current methodology to ensure the User Commitment liabilities are cost reflective to continue to incentivise investment where onshore transmission is a feature of offshore network designs.

What is the proposer's solution?

This modification proposes that the User Commitment liabilities for onshore transmission circuits in the HND or future iterations of the HND will not be classified as Attributable Works. To facilitate this, the proposed approach is to amend the Attributable Works definition in CUSC section 11 by creating an exception for works deemed by the Authority to be wider works. Therefore, it is suggested the definition of Attributable Works in CUSC Section 11 is amended as per the red text below.

'those components of the **Construction Works** which are required (a) to connect a **Power Station** or **Interconnector** which is to be connected at a **Connection Site** to the nearest suitable **MITS Node**; or (b) in respect of an **Embedded Power Station** from the relevant **Grid Supply Point** to the nearest suitable **MITS Node** (and in any case above where the **Construction Works** include a **Transmission** substation that once constructed will become the **MITS Node**, the **Attributable Works** will include such **Transmission**

substation) and which in relation to a particular User are as specified in its **Construction Agreement**;' but excluding in each case any [**Excepted Works];**'

A new definition would then be created in CUSC section 11 for 'Excepted Works' as follows.

'Any **Construction Works** which have been designated as "onshore transmission (reinforcement)" by the **Authority** in its decision of 19 October 2022 and any subsequent decisions on the classification of assets included in **The Company's** first and any iterations of the "holistic network design".

This would effectively ensure onshore transmission circuits in the HND or future iterations of the HND are not classified as Attributable Works, avoiding significant financial liabilities being levied on generators in the HND.

Benefits of Solution

The purpose of onshore transmission circuits to provide wider system benefit is reflected in the User Commitment methodology, enabling cost reflectivity and therefore incentivising development of offshore generation. The principles outlined in the proposed solution above compliments CMP426 which proposes the TNUoS charges for onshore transmission circuits in the HND are not allocated to a specific user.

The solution should also future proof the methodology for any circuits designation not to be Attributable Works by the Authority. Finally, the approach is fairly simple to implement.

Draft legal text

Legal text is available in Annex 1.

What is the impact of this change?

Proposer's assessment against CUSC Non-Charging Objectives	
Relevant Objective	**Identified impact**
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	**Neutral**
(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;	**Positive** This proposal enables circuits classified as onshore transmission in the HND to not be classified as Attributable Works and therefore not impose significant liabilities on generators. This in turn will incentivise development of offshore generation which aids competition.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	**Neutral**
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	**Positive** Will provide clarity to the industry on what assets are classified as Attributable Works for generators in the HND.

*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories	
Stakeholder / consumer benefit categories	**Identified impact**
Improved safety and reliability of the system	**Neutral** This will not impact the operation of the transmission system.
Lower bills than would otherwise be the case	**Positive** The clarity of the methodology will help provide offshore developers with greater confidence of what the applicable methodology and resulting User Commitment liabilities will be. This will reduce investment risk and the overall costs to consumers.
Benefits for society as a whole	**Positive** Facilitates the development of an integrated offshore network and the associated consumer cost, security of supply and environmental (fewer mudflat cable transitions) benefits compared to radially connected projects.
Reduced environmental damage	**Positive** Facilitates the development of an integrated offshore network and the associated benefits towards achieving Net Zero.
Improved quality of service	**Neutral** This will not directly impact the quality of service provided by the ESO or offshore generators.

When will this change take place?

Implementation date
14 June 2024 to ensure developers have visibility of the User Commitment methodology and associated liabilities to aid investment decisions related to generators connecting in the HND.

Date decision required by
31 May 2024 to ensure developers have the visibility of the methodology to aid investment decisions and ensure implementation by 14 June 2024.

Implementation approach
No systems are impacted through the implementation of this modification

Proposer's justification for governance route
Governance route: Straight to Code Administrator Consultation

This modification proposal has a material and immediate impact for industry parties in terms of investment decisions and associated user commitment liabilities. As the solution and legal text are defined and detailed, it is proposed this modification can go straight to Code Administrator Consultation.

Interactions

☐Grid Code ☐European Network Codes	☐BSC ☐ EBR Article 18 T&Cs[1]	☐STC ☒Other modifications	☐SQSS ☐Other

This modification has some interaction with:

- CMP417 is also considering the definition of Attributable Works but from a demand users' perspective
- CMP426 considers TNUoS Charging and this modification considers User Commitment arrangements, but both proposals evaluate the treatment of onshore transmission circuits in the HND and the solutions in both proposals complement each other.

For both CMP417 and CMP426 although there is a degree of interaction, the proposals can be approved and implemented independently.

Acronyms, key terms and reference material

Acronym / key term	Meaning
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
ESO	Electricity System Operator
HND	Holistic Network Design
HVDC	High-Voltage Direct Current (HVDC) circuits
NGESO	National Grid Electricity System Operator
SQSS	Security and Quality of Supply Standards
STC	System Operator Transmission Owner Code
T&Cs	Terms and Conditions
TNUoS	Transmission Network Use of System
TO	Transmission Owner

Reference material

- A Holistic Network Design for Offshore Wind | ESO (nationalgrideso.com)
- Decision on asset classification
- CMP426: TNUoS Charges for transmission circuits identified for the HND as onshore transmission
- CMP417: Extending principles of CUSC section 15 to all users

Annexes

Annex	Information
Annex 1	Legal Text

[1] If your modification amends any of the clauses mapped out in Exhibit Y to the CUSC, it will change the Terms & Conditions relating to Balancing Service Providers. The modification will need to follow the process set out in Article 18 of the Electricity Balancing Guideline (EBR – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.