

**Code Administrator Consultation Response Proforma**

**CM094 - Amendment to Bi-annual estimate provisions**

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 [stcteam@nationalgrideso.com](mailto:stcteam@nationalgrideso.com) by **5pm on 20 March 2024**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Milly Lewis [Milly.Lewis@nationalgrideso.com](mailto:Milly.Lewis@nationalgrideso.com) or [stcteam@nationalgrideso.com](mailto:stcteam@nationalgrideso.com)

Respondent details	Please enter your details	
<b>Respondent name:</b>	Joe Colebrook	
<b>Company name:</b>	Innova Renewables	
<b>Email address:</b>	Joe@innova.co.uk	
<b>Phone number:</b>	020 3523 9560	
<b>Which best describes your organisation?</b>	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

**I wish my response to be:**

(Please mark the relevant box)

**Non-Confidential** (*this will be shared with industry and the Panel for further consideration*)

**Confidential** (*this will be disclosed to the Authority in full but, unless specified, will not be shared with the Panel or the industry for further consideration*)

**For reference the Applicable STC Objectives are:**

- a) *efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act*
- b) *development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission*
- c) *facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity*
- d) *protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees*
- e) *promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.*
- f) *facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;*
- g) *compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions								
1	Please provide your assessment for the proposed solution against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution better facilitates:						
		<table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A</td> <td><input type="checkbox"/>B</td> <td><input checked="" type="checkbox"/>C</td> <td><input type="checkbox"/>D</td> <td><input type="checkbox"/>E</td> <td><input checked="" type="checkbox"/>F</td> <td><input type="checkbox"/>G</td> </tr> </table> <p>I agree with the proposer that CM094 will reduce significant barriers to entry for projects waiting to connect and this will increase the number of projects that connect to the transmission network, positively impacting objective (f).</p> <p>Increasing the number of power stations that connect to the electricity grid should facilitate effective competition in the generation and supply of electricity, therefore having a positive impact on objective c.</p> <p>I am concerned that the Original will reduce the User Commitment signal which increases the risk of projects cancelling at a late stage of development and TOs building under-utilised assets, this would have a negative impact on objective (b).</p> <p>The impact of the Original on objectives (a), (d), (e), and (g) is neutral.</p>	Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E
Original	<input type="checkbox"/> A	<input type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input type="checkbox"/> D	<input type="checkbox"/> E	<input checked="" type="checkbox"/> F	<input type="checkbox"/> G	
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input type="checkbox"/> Baseline <input checked="" type="checkbox"/> No preference						
		No comment.						
3	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						
		<p>I agree with the creation of a guidance document and think it will be important and very useful.</p> <p>I think the working group and Panel should ensure the implementation includes sufficient training of and information for Customer Relationship Managers (CRM) and Connection Engineers within NESO and NGET. The CRM and the Connection Engineers are the people that will be responsible for changing construction agreements for customers and they must understand what projects</p>						

		<p>should and should not be included when calculating Cancellation Charges and Secured Amounts.</p>
<p>4</p>	<p>Do you have any other comments?</p>	<p>The User Commitment methodology was created to ensure Users were committed (hence the name) to developing their project before the TOs spent a significant amount of money on building infrastructure to facilitate their connection.</p> <p>Cancellation Charges and Secured Amounts have become a barrier to the development of new connections because the value of the cancellation Charge is no longer proportional to the project investment and the methodology requires users to provide a commitment against infrastructure projects that will be built many years before the user connects and are arguably not for the benefit of that user, and instead benefit other users with earlier connection dates. I do not believe the proposal has identified the true defect in the User Commitment methodology as stated above, and although the proposed solution does solve the defect it is using a very blunt tool to do it, and this may have unintended consequences.</p> <p>I am concerned that this proposal will remove the signal that investors are committed to developing a project, and therefore increase the risk of TOs building under-utilised infrastructure.</p> <p>How will TOs be able to have confidence that a sufficient amount of generator is going to connect to utilise an asset if the cost of cancelling the projects is very low for the developer? The unintended consequences of CM094 could need to be resolved with a future STC or CUSC modification to ensure Users provide increasing commitment to a project as the connection date gets nearer.</p> <p>The proposer's main reason for this modification is to reduce the barriers to connection and increase the number of connections. The connections reform is trying to add additional barriers to connection and reduce the size of the existing connections queue. Although CM094 could potentially undermine the objectives of the connections reform, I think the connections reforms proposed, and changes such as CMP376 and CMP425 that have recently been implemented, are sufficiently robust to ensure only the projects that can be built stay in the connection queue, even is CM094 is implemented.</p>

