

**CUSC Alternative Form – Non Charging****CMP434 Alternative Request 10:**

**Overview:** To provide an indication of cost within the Gate 1 offer and for relevant Small and Medium Embedded Generators to be allowed to apply for a Gate 1 connection offer. Indication of costs ahead of application to Gate 2 would enable developers to undertake early planning for costs, securities, and liabilities and be in a better financial position to be able to accept a Gate 2 offer. This will be especially important for all scales of Embedded Generators which is not familiar with Transmission costs.

**Proposer:** Eibhlin Norquoy, Community Energy Scotland, on behalf of Point and Sandwick Power Limited, Member of Community Energy Scotland. (Email confirmation sent to ESO)

I/We confirm that this Alternative Request proposes to modify the non - charging section of the CUSC only

## What is the proposed alternative solution?

Relevant Small and Medium Embedded Generators are allowed to apply for a Gate 1 offer through the DNO. An indication of costs is included in Gate 1 offers.

Within Element 2, the Gate 1 process and offer/agreement will provide any relevant applicant with an indicative capacity, connection date, connection point and indication of likely costs following the Gate 1 assessment; no User Commitment will apply at this stage.

To be able to provide an indication of costs, the connection offer would include an estimate of the Connection Assets required and the total capacity of connection offers made at Gate 1 and Gate 2 that may share the connection assets. A link to the Indicative Connection Asset Charges within the Statement of the Basis of Transmission Owner Charges would be shared alongside the Gate 1 offer. This will allow the Developer to make an early estimate of a range of potential costs based on a range of capacities that share Connection Assets moving forward to accept Gate 2 offers. Within Element 6, A Gate 1 offer, which will be provided by the ESO to the developer will include an indicative connection date, indicative connection point, and indicative cost.

Indication of costs ahead of application to Gate 2 would enable developers to undertake early planning for costs, securities, and liabilities and be in a better financial position to be able to accept a Gate 2 offer. This will be especially important for Embedded Generators who are not familiar with Transmission costs.

## What is the difference between this and the Original Proposal?

In the Original Proposal, there will be no indication of likely cost for transmission works at Gate 1. This erodes the value of a Gate 1 offer to prospective Generation. Indication of costs ahead of application to Gate 2 would enable Developers to undertake planning for costs, securities, and liabilities and therefore be in a better position to be able to accept a Gate 2 offer when it is made. This in turn could reduce the number of Gate 2 applications made.

In the Original Proposal, there are only three months to accept the Gate 2 offer, and once accepted, Developers must demonstrate that they are liable for the Final Sums and provide security from the point of acceptance of their Gate 2 offer. The timescale for a Developer to respond to a Gate 2 offer is in line with a variation offer in the current system however, both put Embedded Generation and especially Community Generators at a disadvantage. Community Generators are typically smaller enterprises and gathering the required security or taking on the liability associated with a transmission project is extremely difficult to do within a 3-month window.

The current system results in situations where Embedded Generators apply for connections, discover the cost of the connection and the securities and liabilities, and then let offers lapse. They then apply again later when the project is deemed to be of a lower risk, and the security is lower. The Original Proposal does not provide a mechanism to reduce this practice of multiple applications for the same (or similar) generation project. Even worse, the generation project must have secured land rights before a cost can be provided. This means that receiving the cost of the transmission works, which is often a make-or-break stage for Embedded generation projects, can only be obtained after spending significant time and money on securing land rights. This is not efficient for the ESO or Embedded Generators. The Alternative proposed would reduce the volume of Gate 2 applications made and support Embedded Generators especially Community Generators, who are typically restricted geographically.

The contract offered in Gate 1 would be legally binding on both the developer and the ESO regarding any included rights and obligations. This is a big unknown and risk for Community Generators, without an understanding of the scale of finances that will be required.

**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;	<b>Positive:</b> Provides indication of cost at the right time for generation projects without interfering with the ability of the ESO to prioritise readier and/or more viable projects and reduces multiple applications for the same project over time.
(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;	<b>Positive:</b> Provides indication of cost at the right time for Developers to be able to ascertain if a project is viable.
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<b>Positive:</b> Alignment with articles of Regulation (EU) 2019/943 requiring “to ensure fair conditions of competition in the internal electricity market”
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<b>Positive:</b> Would see a reduction in Gate 2 applications by providing relevant information at Gate 1 for Developers thus promoting efficiency of the implementation and administration of the CUSC arrangements.

\*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.

**When will this change take place?**

**Implementation date:**

In line with the implementation date of the code modification ([CMP434](#)).

**Implementation approach:**

This new implementation approach will introduce a change into Connections Network Design Methodology, the Primary connection process, at Gate 1 process, by including an indication of the cost as part of a Gate 1 offer and allowing relevant Small and Medium Embedded Generators to apply for a Gate 1 connection offer via the DNO. This change will modify Element 2 to have a cost indication included within the Gate 1 process and offer/agreement, and Element 6 reference to Gate 1 offer/agreement explanation including this new cost indication. Element 5 will be modified so that relevant Embedded Small/Medium Generators can choose to go through a Gate 1 process via the DNO.

This should be implemented prior to the go-live date.

**Acronyms, key terms and reference material**

Acronym / key term	Meaning
Community Generator	This is a working definition: Community energy is typically characterised by grassroots action, where a community (either a community of place or of shared interest) comes together to design, implement, and manage a renewable energy asset or project. This might be a community energy generation project, such as a wind turbine or solar panels, or a heat, retrofit or transport scheme. These are often driven by a shared mission to deliver environmental, social and economic value for a specific place, with democratic input and governance (Brummer 2018; Creamer et al. 2020; Stewart 2021; Hanke et al. 2021).
DNO	Distribution Network Operator
ESO	Electricity System Operator