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Ofgem

Attn. Mr Neal McLaughlin

Consultation Connection and Use of System Code (CUSC) CMP448: Introducing a Progression Commitment Fee to the Gate 2 Connections Queue

Dear Mr McLaughlin

Our Submission

Questions

Q1. Do you agree with our minded-to position to approve the Original Proposal of CMP448? Please provide reasons for your answer.

Q2. Do you have any further remarks, comments or concerns with our minded-to position or the accompanying Impact Assessment, that you would like us to take into account?

Q1 Answer

The Original is more likely to act as a barrier to valid projects than to deter stalled projects. All projects -especially smaller scale (less than say 100MW) - will feel that they will have to cover the likelihood of the PCF being activated from the get -go after Gate 2 and once (if) Ofgem approves it, rather than wait for PCF Activation. That means (for a 100MW project) adding £1m (in securities) to the DEVEX of the project to cover the max 10,000/MW that may be invoiced should the project fail to put in a valid Planning Application within the timeframe (stated at Gate 2). Even if the project makes this and gets a refund of its security it may well have to fund this for 2 -3 years on top of the landowner lease costs, environmental studies (including possible annual bird surveys x 1-3 years??), and all the other pre-planning and consultant costs. For a 'community' scale project, say, of 30MW the outlay on

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securities would still be up to £300,000. That could be 25%-33% of the preplanning costs (on top).

Projects that are spending money could risk running out and having to return to funders with an uncertain outcome for an otherwise valid project. This would be especially true for projects which made no contingency for the PCF, instead, relying on it not being activated.

In summary this proposal seems more like an imposition across the board rather than an encouragement to behave well in terms of the queue.

We believe that the impact assessment regarding smaller/independent (non-portfolio) projects is insufficient in evidence to support the claim that... *"We do not have data related to the profitability of each project in the connections queue and because the CMP448 proposal targets projects viability, we have concluded that the proposal does not discriminate against the size of the project but tests its viability. Therefore, small developers that have viable projects do not face a barrier and there would be a minimal impact on competition for smaller projects"*.

This seems to be a circular argument and does not address the problem faced by smaller developers with viable projects but with limited and expensive access to funds pre-development. A PCF burden of up to £300,000 for a viable 30MW project is likely to mean up to a 30% premium on top of the expected DEVEX for a project requiring extensive bird studies (for example).

WACMs 1 and 2 are better than the Original in that both offer some relief to viable projects which may require longer timelines to M1 (in the case of WACM1) or at least a chance to bail out if studies (such as Ornithological impacts) turn out to be 'red lines' later in the development phase.

The Original seems to assume 'equal risk' in project development which is an assumption not borne out by evidence.

Q2 Answers

It is unfortunate that the period allowed to read, analyse and respond to this important consultation, which will have a high impact on generators seeking to meet

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the targets of 2030 and Net Zero 2045/50, is so short. Indeed, in our view it is inadequate, especially for smaller players.

The whole concept of PCF would seem to be rushed and does not give time for Connections Reform to 'bed in'.

It is also difficult for developers to assess the probability of activation of the PCF as the factors giving rise to 'poor queue health' may not be transparent in that they may be the subject of commercial confidentiality.

Thank you for the opportunity to reply to your consultation.

Best regards,

[Redacted Signature]

Director