

Guidance

Ancillary Document 2: Connection and Use of System Code (CUSC) Amendments

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This document contains proposed textual changes to the Connection and Use of System Code (CUSC) to give effect to the proposals to expand the scope of self-build and transfer of transmission level assets.

Guidance – Ancillary Document 2: Connection and Use of System Code (CUSC)

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1. Introduction

This document contains proposed modifications to the Connection and Use of System Code (CUSC), including amendments to Section 2, Section 11, Section 14, Exhibit B, Exhibit C and Schedule 2 Exhibit 3. It also includes the text proposed for inclusion in a new Section 20.

This document does not reproduce the CUSC in full. It includes only those provisions affected by the proposed changes. The section summaries below explain whether the provisions shown are entirely new or contain amendments to existing CUSC text. Where amendments are proposed to existing provisions, the new text is highlighted in red.

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2. CUSC – Section 2

Section summary

The text highlighted in red is proposed to be inserted into CUSC Section 2. This document does not reproduce the CUSC in full. Only those provisions affected by the proposed changes in Section 2 are included below. Text shown in red identifies the amendments to be made to the existing CUSC provisions.

Introduction – Section 2.1.4

- 2.1 Please note that Self-Build and Transfer Arrangements are available and that these impact the Connection Charges and Termination Amounts.

Connection Charges, Security – Section 2.14.2

- 2.2 The **User** shall provide **The Company** with **Security Cover** in respect of **Termination Amounts** in respect of the **Transmission Connection Assets** (other than those **Transmission Connection Assets** delivered under the **Self-Build and Transfer Arrangements**) commissioned after the **Transfer Date** in accordance with the provisions of Part III of this Section 2.

Security for Termination Amounts – Section 2.19.1

- 2.3 Where a User has a connection to the National Electricity Transmission System it shall provide security for Termination Amounts for Transmission Connection Assets (other than those **Transmission Connection Assets** delivered under the **Self-Build and Transfer Arrangements**) Commissioned after the Transfer Date in accordance with this Paragraph 2.19. For the avoidance of doubt references to Termination Amounts in this Part III only relate to Termination Amounts payable in respect of such Transmission Connection Assets.

3. CUSC – Section 11

Section summary

The following text is proposed to be inserted into the CUSC at Section 11. This document does not reproduce the CUSC in full. All provisions shown below in this section are new additions and will be inserted into the CUSC.

Definitions

- 3.1 “Adoption Agreement”: the agreement to be offered by a **Relevant Transmission Licensee** and entered into between the **Relevant Transmission Licensee** and a **User** under the **Self-Build and Transfer Arrangements**;
- 3.2 “Contestable [Self Build] or “Contestability]: in the context of the **Self-Build and Transfer Arrangements** [means the activities and/or works in respect of **[Sole Use Transmission Assets]** between a **Connection Point** and **SBT Point of Connection]** as set out in the **Relevant Transmission Licensees’** published guidance on the type of works and activities which are **Contestable**;
- 3.3 “Contestable Works [Self-Build Works]”: in relation to a particular **User** where the **Self-Build and Transfer Arrangements** apply means the **Contestable** activities and/or works as set out in and to be undertaken under the **Adoption Agreement**;
- 3.4 “Contestable Assets [Self Build Assets]”: in relation to a particular **User** where the **Self-Build and Transfer Arrangements** apply means any **[Plant and Apparatus [and other assets]]** resulting from the **Contestable Works** as identified in and to be adopted under the **Adoption Agreement**;
- 3.5 “Defect Notification Period”: as specified in the relevant **Adoption Agreement**;
- 3.6 “Initial SBT Scope and Costs”: the initial and indicative scope of **Contestable Works** and costs produced by a **Relevant Transmission Licensee** for the purposes of the **Self-Build and Transfer Arrangement** an inclusion in the **Connection Offer**;
- 3.7 “Non-Contestable Activities or Works”: the activities and works that can only be undertaken by a **Relevant Transmission** (which includes any **Transmission** works identified in the **Centralised Strategic Network Plan** at the time the **Adoption Agreement** is entered into] as set out in the **Relevant Transmission Licensees’** published guidance on the type of works and activities which are **Non-Contestable**;
- 3.8 “PASE or Pre-approved Solutions by Engineering”: the group of build solutions for **Contestable Works** and **Contestable Assets** [published]
- 3.9 “SBT Implementation Date”

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- 3.10 “SBT Point of Connection”: under the **Self-Build and Transfer Arrangements** means the point of connection on to the existing **National Electricity Transmission System** as determined by the **Relevant Transmission Licensee** in the context of the **Contestable Works** and as reflected in the **Construction Agreement** and **Adoption Agreement**;
- 3.11 “Self-Build and Transfer Arrangements”: the **Contestable** arrangements as set out in combination in **CUSC** Section [20], the **Transmission Licences** and the **Adoption Agreement**;
- 3.12 “Sole Use Transmission Assets”: **Transmission** assets (being **Transmission Connection Assets** or infrastructure assets) that are for the sole use of the **User** at the time that the **Adoption Agreement** is entered into;
- 3.13 “TO Contestable Works Technical Standards”: the technical standards that apply to **Contestable Works** and **Contestable Assets** as published by the **Relevant Transmission Owner**:

4. CUSC – Section 14

Section summary

The text highlighted in red is proposed to be inserted into CUSC Section 14. This document does not reproduce the CUSC in full. It includes only those provisions in Section 14 affected by the proposed changes. Text shown in red identifies the amendments to be made to existing CUSC provisions. Text shown with strikethrough identifies existing provisions that are proposed to be removed.

Self-Build and Transfer Arrangements (replacing Contestability) – Section 14.7

- 4.1 **14.7.1) Under the Self-Build and Transfer Arrangements** some connection activities may be undertaken by the User.
- 4.2 **14.7.2) Where Transmission Connection Assets are delivered under the Self-Build and Transfer Arrangements and paid for and adopted by the Relevant Transmission Licensee under the Adoption Agreement, that payment by the Relevant Transmission Licensee will constitute the Gross Asset Value of the Transmission Connection Assets for the calculation of the Connection Charges and Termination Amounts.**
- 4.3 **14.7.3) Where Transmission Connection Assets are delivered under the Self-Build and Transfer Arrangements and adopted by the Relevant Transmission Licensee under the Adoption Agreement without payment, the Connection Charges and Termination Amounts in respect of the Transmission Connection Assets shall be calculated on the same basis as if the User had made a 100% capital contribution in respect of those Transmission Connection Assets on the Charging Date.**
- 4.4 ~~14.7.2) Users have the option to provide (construct) connection assets if they wish. Formal arrangements for Users exercising this choice are available and further information on User choice in construction can be obtained from The Company.~~

Data Requirements – Section 14.9

- 4.5 **14.9.1) Under the connection charging methodology no data is required from Users in order to calculate the connection charges payable by the User except where the Self-Build and Transfer Arrangements apply, and the Relevant Transmission Licensee has paid to adopt the Transmission Connection Assets. In such case the User shall advise The Company as soon as practicable after adoption as to the payment received for the Transmission Connection Assets (which The Company shall be entitled to confirm with the Relevant Transmission Licensee).**

5. CUSC – Section 20

Section summary

The following text is proposed to be inserted into the CUSC as the new Section 20. Consequential amendments will also be made to the CUSC Contents Page and to rows 1, 2, 3 and 9 of the table in paragraph 1.2.4. This document does not reproduce the CUSC in full. All provisions shown below in this section are new additions and will be inserted into the CUSC.

Section 20.1 – Introduction

- 5.1 From the **SBT Implementation Date**, a party in the category of connection which is directly connected to the **National Electricity Transmission System** can request to undertake the **Contestable Works** elements required for its connection or, after connected, any **Modification** to that connection or replacement of the **Transmission Connection Assets** in accordance with the **Self-Build and Transfer Arrangements**.

Section 20.2 – Process

- 5.2 The **Self Build and Transfer Arrangements** are provided for and facilitated through a combination of this Section 20, the **Transmission Licences** and the standard form **Adoption Agreement**.
- 5.3 Where a party wishes to proceed on the basis of the **Self-Build and Transfer Arrangements**, the **Connection Application** or **Modification Application** shall be completed accordingly.
- 5.4 The request to proceed on the basis of these **Self-Build and Transfer Arrangements** shall be considered by the **Relevant Transmission Licensee** and where accepted the request to proceed on the basis of the **Self-Build and Transfer Arrangements** will be acknowledged and recognised in the **Connection Offer** or **Modification Offer**. The **Relevant Transmission Licensee** will engage with the party to develop and offer to enter into an **Adoption Agreement**.
- 5.5 The **Relevant Transmission Licencees** can decide not to accept the request to self-build and transfer if an economic and efficient design means that assets will not be sole use at the time the adoption agreement is entered into or when these works are included in the Centralised Strategic Network Plan. If the **Relevant Transmission Licencees** decides not to accept a request then they will provide detailed reasons in writing for not doing so.
- 5.6 Where the **User** agrees to accept the **Connection Offer** or **Modification Offer** and to undertake the **Contestable Works**, the **Contestable Works** themselves will be

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undertaken under the terms of an **Adoption Agreement** between the **User** and the **Relevant Transmission Licensee**.

Section 20.3 – Connection

- 5.7 In such cases, connection to the **National Electricity Transmission System** will be subject to the **Contestable Assets** being transferred to and adopted by the **Relevant Transmission Licensee** in accordance with the terms of the **Adoption Agreement**.

Section 20.4 – Contestable

- 5.8 What is **Contestable** in a specific connection design is fact specific but the **Relevant Transmission Licensees** have published details of the types of works and activities which are considered to be **Contestable** and which are considered **Non-Contestable**.

Section 20.5 – Contestable Works

- 5.9 The **User** can choose to undertake some or all of the works and activities identified as **Contestable**.

Section 20.6 – Adoption Agreement

- 5.10 The form of **Adoption Agreement** is as published on the **Relevant Transmission Licensee's** website and contains the detailed terms and conditions that will apply to the **Contestable Works** and the adoption process.

Section 20.7 – TO Contestable Technical Standards

- 5.11 The Contestable Works must be designed to and meet the TO Contestable Technical Standards. These are as published on the Relevant Transmission Licensee's website.

Section 20.8 – Pre-approval of Solutions by Engineering or PASE

- 5.12 The engineering solution for the **Contestable Works** should be a **PASE** primary option or, where the **User** is proposing an engineering solution that is not a **PASE** primary option, the approval of the **Authority** is required.

Section 20.9 – Defect Notification Period

- 5.13 In accordance with and specifically provided for in the **Adoption Agreement** the User will be responsible for defects in the **Contestable Works** or **Contestable Assets** during the **Defect Notification Period**.

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- 5.14 Where, the **User's** access rights or connection to the **National Electricity Transmission System** is restricted or **Deenergised** as a consequence of a defect in the **Contestable Works** or **Contestable Assets** during the **Defect Notification Period** **The Company** is relieved from its obligations under **CUSC** Section 2 Paragraphs 2.2.2, 2.3.1 and 2.4 and Section 9 Paragraphs 9.3.2, 9.4 and 9.5 and these Paragraphs shall be construed accordingly.

Section 20.10 – Construction Agreements

- 5.15 Construction Agreements entered into prior to the SBT Implementation Date. Where the **Construction Agreement** has been entered into on the basis of the contestability arrangements available prior to the **SBT Implementation Date** the parties will proceed on the basis of those arrangements.

Section 20.11 – Construction Agreements (General)

- 5.16 Where contestability arrangements are not provided for under the **Construction Agreement** at or after the **SBT Implementation Date** a **Modification Application** to request the **Self-Build and Transfer Arrangements** can be made but recognising that such a change in approach may not be able to be accommodated taking into account where the **Construction Works** are in design, consenting processes and delivery.

6. CUSC – Exhibit B

Section summary

The text highlighted in red is proposed to be inserted into CUSC Exhibit B. This document does not reproduce the CUSC in full. Only those provisions affected by the proposed changes in Exhibit B are included below. Text shown in red identifies the amendments to be made to the existing CUSC provisions.

Pre-application Guidance

Point 12

- 6.1 In particular, and subject to, **in the case of a New Connection Site located in Offshore Waters**, paragraphs 24 – 27 below **and, in the case of Self-Build and Transfer, paragraph 28** below **The Company** prepares **Offers** upon the basis that each party will design, construct, install, control, operate and maintain, in the case of the **User**, the **Plant** and **Apparatus** which they will own and, in the case of **The Company**, **Transmission Plant** and **Transmission Apparatus** usually but not necessarily applying the ownership rules set out in Paragraph 2.12 of the CUSC (Principles of Ownership). If **the Applicant** wishes **The Company** to carry out any of these matters on the **Applicant's** behalf (including where, should **the Transmission** substation at which **the Applicant** is to be connected be of a **Gas Insulated Switchgear design**, **the Applicant** would wish that **The Company** undertake the works but subsequently transfer the **Gas insulated Switchgear** to the Applicant) please contact **The Company** for further details.

Point 28

- 6.2 **If the Applicant is interested in Contestability under the Self-Build and Transfer Arrangements they should indicate this at Section C. Please see CUSC Section [20] for details of the Self-Build and Transfer Arrangements. The form of Adoption Agreement associated with these arrangements can be found on the Relevant Transmission Licence's website.**

Section C – Technical Information **[including any request under the Self-Build and Transfer Arrangements]**

Point 10

- 6.3 **Do you want the application to be considered under the Self-Build and Transfer Arrangements.**
- 6.4 **Please provide the details as to the extent of the Contestable activities you are interested in including your preferred SBT Point of Connection. Also please advise**

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whether you would wish the Relevant Transmission Licensee to do the initial design of the Contestable Works and note that the costs of this initial design work will be charged for and for Relevant Transmission Licensee to [provide/not provide] the initial design of the Contestable Works.

Section D – Programme

- 6.5 Please provide a suggested development and construction programme in bar chart form for the work necessary to install the **User Development** ([not including any] [including any **Contestable Works**]) indicating the anticipated date when the connection will be required to be made and any other key dates such as back feed date.

7. CUSC – Exhibit C

Section summary

The text highlighted in red is proposed to be inserted into CUSC Exhibit C. This document does not reproduce the CUSC in full. Only those provisions affected by the proposed changes in Exhibit C are included below. Text shown in red identifies the amendments to be made to the existing CUSC provisions.

Point 2

- 7.1 It is a condition of this **Offer** that (i) you also enter into an **Interface Agreement** covering the **Connection Site** in a form to be agreed between the parties but substantially in the form of Exhibit O of the complete **CUSC** [and (ii) where required by **The Company** you enter into a **Transmission Related Agreement** (*power station with **Design Variation** and/or **Offshore Standard Design** and/or a connection via an **ET Offshore Transmission System** and/or **Non Standard Boundary** only*)] [and (iii) that you enter into an **Adoption Agreement** with the **Relevant Transmission Licensee** (where **Offer** is made under the **Self-Build and Transfer Arrangements**).

Point 13

- 7.2 This **Offer** is made on the basis of the **Connect and Manage Arrangements** [except that as requested the **Enabling Works** are greater in scope than the **MITS Connection Works**] [*Directly Connected Power Station or Distribution System where associated with Distributed Generation only*]] [[and **Self-Build and Transfer Arrangements**]] [Although the application was made on the basis of the **Self-Build and Transfer Arrangements** the **Relevant Transmission Licensee** has advised that these are not available in this case [*where requested*]].

8. CUSC – Schedule 2

Section summary

The text highlighted in red is proposed to be inserted into CUSC Schedule 2, Exhibit 1 & 3. This document does not reproduce the CUSC in full. Only those provisions affected by the proposed changes in Schedule 2, Exhibit 3 are included below. Text shown in red identifies the amendments to be made to the existing CUSC provisions.

Exhibit 1

- 8.1 Footnotes will be added to indicate what sections of the Bilateral Connection Agreement will need to be adapted to account for the self-build and transfer arrangements.

Exhibit 2

Part 1

- 8.2 Please note that there are additional terms and requirements if proceeding under the Self-Build and Transfer Arrangements and that such arrangements only apply in respect of Gate 1 applications.

Contents / Introduction

- 8.3 Page 19 – Contestable Works
- 8.4 Appendix II – Initial SBT Scope and Costs
- 8.5 F) This Construction Agreement has been prepared under the Connect and Manage Arrangements [and Self-Build and Transfer Arrangements] [and is subject to the Queue Management Process].

Section 1.1 – Definitions, Interpretation and Construction

- 8.6 Adoption Agreement: the agreement to be entered into between the Relevant Transmission Licensee and the User in respect of the Contestable Works under the Self-Build and Transfer Arrangements.]
- 8.7 Attributable Works: those Construction Works [(which for the avoidance of doubt do not include the Contestable Works)] identified as such in accordance with the User Commitment Methodology and which are set out in Appendix MM Part 1.
- 8.8 Construction Works: the Transmission Connection Asset Works, Enabling Works, Network Options Assessment Works and One Off Works and such additional works as are required in order to comply with any relevant Consents relating to any such works but excluding for the avoidance of doubt any [Contestable Works and] Third Party Works.

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- 8.9 **Contestable Assets:** the Transmission assets delivered under the Contestable Works and which are to be adopted by the Relevant Transmission Licensee under the Adoption Agreement as set out in the Initial SBT Scope and Costs and to be further developed under the Adoption Agreement.]
- 8.10 **Contestable Works:** the activities and works to be undertaken by the User under the Adoption Agreement as set out in the Initial SBT Scope and Costs and to be further developed under the Adoption Agreement..]
- 8.11 **Initial SBT Scope and Costs:** the Relevant Transmission Licensees initial view of these (including where requested the initial design) as set out in Appendix II.
- 8.12 **SBT Point of Connection:** [x] being the point where the Contestable Assets connect to the existing National Electricity Transmission System.]
- 8.13 **Transmission Reinforcement Works:** those works other than the [Transmission Connection Asset Works][**Contestable Works**], Network Options Assessment Works and One Off Works, which in the reasonable opinion of The Company (and in the absence of the Connect and Manage Derogation) are all necessary to extend or reinforce the National Electricity Transmission System to ensure that the National Electricity Transmission System complies with the requirements of condition E7 of the ESO Licence and Standard Condition D3 of any Relevant Transmission Licensee's transmission system and which are specified in Appendix H to this Construction Agreement, where Part 1 is the Enabling Works and Part 2 is the Wider Transmission Reinforcement Works.

Section 2.10 – Carrying out the Works

- 8.14 Not later than six months prior to the Commissioning Programme Commencement Date The Company shall provide the User with a draft Commissioning Programme for the Commissioning of the [[Transmission Connection Assets][**relevant Construction Works, and in accordance with the requirements of the Relevant Transmission Licensee under the Adoption Agreement, the Contestable Assets**], and the User's Equipment. The User shall, as quickly as practicable and in any event within three months of receipt thereof, determine whether or not to approve the proposed Commissioning Programme (which approval shall not be unreasonably withheld or delayed) and shall within such three month period either notify The Company of its approval or, in the event that the User reasonably withholds its approval, notify The Company of any changes or variations to the proposed commissioning programme recommended by the User. If The Company does not accept such changes or variations submitted by the User any dispute shall be referred to the Independent Engineer for determination. The Commissioning Programme agreed between the parties or determined by the Independent Engineer as the case may be shall be implemented by the parties and their sub-contractors in accordance with its terms.

Guidance – Ancillary Document 2: Connection and Use of System Code (CUSC)**Section 7.1 – Becoming Operational**

- 8.15 If directly connected to the National Electricity Transmission System The Company shall connect and Energise the User's Equipment at the Connection Site during the course of and in accordance with the Commissioning Programme and thereafter upon compliance by the User with the provisions of Clause 5 and provided (1) the Construction Works excluding the Network Options Assessment Works [delete Network Options Assessment Works under the Connect and Manage Arrangements if these are not Enabling Works] shall be Commissioned and (2) [the Network Options Assessment Works and Third Party Works shall be completed The Company shall forthwith notify the User in writing that the Connection Site shall become Operational] [and (3) where the Self-Build and Transfer Arrangements apply, the Contestable Works shall be completed and/or Commissioned and the Contestable Assets transferred to the Relevant Transmission Licensee under the Adoption Agreement].

Section 19 – Contestable Works

- 8.16 19.1 [The Relevant Transmission Licensee has or will offer to enter into an Adoption Agreement with the User] [The Relevant Transmission Licensee has or is shortly to enter into an Adoption Agreement with the User] under which the User is to undertake the Contestable Works on behalf of and transfer the Contestable Assets to the Relevant Transmission Licensee.
- 8.17 19.2 [Where the Adoption Agreement has not yet been offered this Construction Agreement] [This Construction Agreement] identifies the SBT Connection Point and sets out for information the Initial SBT Scope and Costs on which the Adoption Agreement will be offered.
- 8.18 19.3 As the completion and the Commissioning of the Contestable Works (which will provide the physical means of connection to the National Electricity Transmission System) and the adoption of these by the Relevant Transmission Licensee is required to enable the connection The Company and the User acknowledge that the programme, scope and activities of the User and The Company under this Construction Agreement will need to be coordinated and aligned with the programme, scope and activities under the Adoption Agreement.
- 8.19 19.4 The User shall provide such information as The Company shall reasonably require on the progress on the Contestable Works and any potential impact on the Construction Programme. In particular, as soon as practicable after the Contestable Assets are adopted by the Relevant Transmission Licensee the User will confirm the date of adoption and provide The Company with any information required to enable The Company to calculate the Connection Charges for the Transmission Connection Assets.

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- 8.20 19.5 The Company shall be entitled to amend this Construction Agreement and the Bilateral Connection Agreement as necessary in the event that (a) the User does not enter into the Adoption Agreement by the date required and/or (b) decides not to proceed under the Self-Build and Transfer Arrangements and (c) in agreement with the User and the Relevant Transmission Licensee to reflect any delay in the completion and Commissioning of the Contestable Works and/or adoption of the Contestable Assets which impacts on the Construction Programme and provided always that The Company shall first discuss any changes with the User.