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## **Report from Access Reform Options Development Group**

Thank you for the opportunity to comment on the report from ARODG “*A framework for considering reforms to how generators gain access to the GB electricity transmission system*”. The group are addressing an important issue, and the area of access and queuing is in need of significant overhaul.

Immingham CHP LLP (ICHP) would like to make the following general points with regard to the defects that arise under the current arrangements administered by National Grid (NG):

- as a general observation, the current rules create unacceptable risks for connecting parties because of the variability of the wider arrangements (including clustering) over time. Information made available at present on the queue, clustering and interrelationships between clusters and prospective users is wholly inadequate, as it is with regard to capacity provided by a reinforcement and the associated works and the relationship between them;
- it is key that an enduring alternative arrangement is identified and implemented
- the enduring arrangements should be entrenched in CUSC both for clarity and to enable a predictable and orderly review and change progress.

ICHP considers that an appropriate revised solution should have the following desirable properties:

- appropriate prudential requirements that balance fairness to bona fide applicants and deterrence of speculative applications;
- a more certain approach to the calculation of final sums liability (FSL) for connecting parties;
- significantly enhanced transparency in NG’s management of the queue issues and its determination of the necessary works;
- increased information on clustering and changes to the queue;
- NG assuming greater responsibility for delivery risk, and sharper incentives on transmission owners to deliver schemes within their control to time and cost; and
- unambiguous definition of capacity access rights, including the preservation of all existing rights. Reallocation (or withdrawal) should only occur with the prior agreement of the right owner.

Looking at the illustrative options brought forward by ARODG, the following core elements seem to have greatest merit, and combining them would create a further, hybrid option:

- “date Stamped Final Sums Liability’ where the costs profile at the time of the connection offer commits the User to pay security in a pre –defined way but they are not required to underwrite variations from the initial estimate;

- ‘fixed Sum’ where projects submit a fixed sum at time of accepting the connection offer much like an application fee, sufficient to only encourage viable projects;
- “refined status quo for restricted rights”, with parties having the option to swap rights subject to availability (IO1, IO2). The connecting party (or connected party) should also have rights to seek less firm rights if it were commercially sensible for it to do so (IO3, IO4). This approach can be expected to stimulate diversity and greater flexibility with regard to use of rights;
- “local FSL” (IO2). This would reduce onerous and non cost reflective calls on the connecting party by NG, and provide better consistency with the current approach to setting NG’s income through the price control, which already in effect underwrites reinforcement investment; and
- further consideration of “centralised trading”, in recognition of the fact that NG has a vested interest in the outcome of any capacity swaps or trading through interaction with the SO incentive scheme. There is no reason why development of such a facility would be complex as suggested by the Transmission Access Standing Group, and supporting trading arrangements will be essential if there is to be any fungibility of rights going forward.

In terms of process, we believe that decisions on access reform should also dove-tail into decisions on the transmission price control. In the meantime Ofgem should invite National Grid to establish an Access Standing Group under the auspices of CUSC to test the various options once the work of ARODG has run its course and the options have been narrowed down following this consultation.

I would be delighted to provide further clarification and comment if you would consider that helpful.

**Kirsten Elliott-Smith**