

Annex 1

Trigger Date

Current trigger date for decreasing security percentage is 3 financial years prior to the financial year of connection. Does this need revising? If TOs incurred expenditure further out from the 3 years, the more the developer would need to secure as the percentage value is 100% outwith the trigger date.- CUSC 15

When a scheme delays that has never breached the trigger date, this causes the trigger date to move back commensurately but the TO may still need to carry out the works to connect them. This would mean that expenditure would start ramping up but pre-trigger security would still apply at 100%.- CUSC 15

Trigger dates set to 1 April don't generally reflect reality as connections dates typically Oct/Nov/Dec following summer outage work-CUSC 15

Security Percentage

Where schemes are consented this should lower the security percentage at any point in the security process due to the reduction in risk of scheme termination. Currently, this only reduces the percentage post-trigger date.- CUSC 15

Should the current level of percentages that reduce securities once trigger date has been reached be reviewed? Eg Reduction on consented is 10%, is this a true reflection of how many schemes are likely to terminate once consented?- CUSC 15

Wider Cancellation Charge

Commencement of wider works securities are linked to the trigger date but this is an arbitrary link. The main reason for delaying connection dates is to delay the introduction of the wider works liability at trigger (due to it being a mandatory fee on scheme termination) so delayed requirement for wider works cancellation fee may reduce scheme delays- CUSC 15

The wider cancellation charge increases in 25% increments once trigger date is reached, are these increments the right amounts? Eg a customer is more likely to proceed to connection within 2 years of connection so perhaps high level of percentage in the latter years (eg 90% and 100%) but for the 1st couple of years, lower the percentage (eg 10% and 30%)- CUSC 15

Wider cancellation fees- A forward looking curve would be beneficial for these- Process improvement

For Wider Works I think there is a cancellation charge irrespective of whether any of the wider work has started, this feels punitive and not recovery of costs incurred. Is the £/MW reasonable level?- CUSC 15

For Wider Works there appears to be a liability post connection, need clarity on whether the DNO is exposed as it might require security post connection- Guidance note. Discriminatory between T&D??

Fixed Liability

Once a scheme has chosen a fixed liability, there is no option to become variable again but there are circumstances where the TO drastically change the scope of works and so is it right to allow customers to stay fixed at this point. Perhaps look at a percentage threshold where, if the TO reduces spend, an amendment to fixed is allowed. Or keeping at the fixed rate but moving to the lower TO expenditure rate.- CUSC 15

The £/KW rates when a scheme is on a fixed liability prior to the trigger date - Does the evidence show this is a reasonable amount?- CUSC 15

TIA/APP G- Potentially part of existing CUSCmod

Transmission Impact Assessment (Appendix G)- Considerations required on how to implement securities into TIA for example will there be a cooling off period where, after a customer is allocated onto appendix G, they can terminate without incurring termination fees?- CUSC 15

How do liabilities and securities apply to App G GSPs. There may be multiple parties and clarity on how these work needed. Is it a last man standing principle? What is approach if work still needed- CUSC 15

Need forecasts for liabilities for Attributable Works for App G GSPs where there is known works required - Process/User guide

Embedded/DNO issues

It is more expensive to secure as a distribution customer than it is as a transmission customer when trigger date has been reached. Should these be reviewed to ensure fairness? CMP223 previously amended the rate. -CUSC 15

Explicit clarification that DNOs are not liable for the balance of cancellation (ie total liabilities less any recovered from security) if they have followed appropriate steps to seek to recover. – Guidance note/CUSC 15

Security provision

Security provisions occur bi-annually. Could this be moved to annual to provide more stability for the customer? Or quarterly? STC(BI annual estimate)/CUSC 15/TO process improvement

Are there any alternatives for security provision (ie the ways of providing security eg letter of credit)- Guidance note/CUSC 15

Requirement for security to be in place 45 days in advance is not reasonable- Cash securities have been extended beyond 45 days- CMP351. CUSC 15

Security calculation

Is there a consistent treatment of component capability by the TO's eg where a component does not have an MVA value, are these allocated a value consistently as it will affect SIF value. - STC

MITs node/Attributable- Securities for attributable works are only for works up to and including the MITs node. Where there are GSPs that are only single circuit and Transformer, these will not be classed as MITs nodes and the MITs nodes can be far beyond the GSPs for Developers to securitise. There are approximately 20 GSPs of this kind in north of Scotland and works beyond the GSP can be of a significant amount. CUSC 11? /Guidance note.

Issues with the LMC factor (Deborah, could you expand on this please?)-STC

Accessibility/Clarifications

Is the guidance note up to date and still relevant?- Guidance note

Can the current MM statement layout be improved for increased User-friendliness? SO process

Need clarity that there are no cancellation charges if there are changes to timescales, securities or liabilities are from ESO-CUSC 15/Guidance note

Miscellaneous

There are occasions where, especially for embedded schemes, where wider transmission enabling works have completed prior to the connection of the scheme but as they works are attributable the scheme would still incur a liability due to the potential of stranded assets. Many wider assets have multiple customers connecting to them and would therefore not cause stranded assets so can there be a way of reducing/removing liability for these customers?- CUSC 15

Demand Users are still not subject to CUSC 15 and are still on the old securities system. CUSC 15

Where there are multiple customers sharing liability of an asset, there is usually a cut off point where liability would not occur (ie TO would carry on with build unless below minimum threshold) Could securities be lower for these due to less risk of stranded asset?- Merge with 1st point?