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Dear Claire,

National Grid Ventures Response to the consultation on CMP 434

Thank you for the opportunity to respond to the above consultation.

This response is provided on behalf of National Grid Ventures (NGV). NGV is responsible for National Grid's ownership of our CUSC Parties¹ representing our interest in our portfolio of operational interconnectors IFA, IFA2, NSL and Viking Link together with innovative Offshore Hybrid Asset projects under development including Lion Link and Nautilus.

We support the aims of the Connections Reform process and welcome the significant efforts of the Electricity System Operator in the work they have done to date. We do believe that the Original Proposal has potential to better facilitate the Applicable CUSC Objectives. We do however have substantial reservations about the current position of the Modification as consulted upon. These must be addressed to ensure that the final package of CMP434 and associated Methodologies does meet the criteria to better facilitate the Applicable CUSC objectives.

We are also mindful of the recent commissioning by the Secretary of State of advice from the Electricity System Operator on the pathway towards the 2030 ambition, with expert analysis of the location and type of new investment and infrastructure needed to deliver it. This has the potential to affect Connections Reform and we suggest that the further development of CMP434 should account for this work.

Our key concerns are as follows:

1. Gate 2 Criteria and Longstop Dates

The Original CMP434 proposal suggests a "one-size fits all" approach to both the Gate 2 Criteria and the Longstop Date by which those criteria must be met. We do not agree with this approach for the following reasons:

- Projects developed under an interconnector licence have powers to secure their land via Compulsory Purchase Orders (CPO). These require a strict process of consultation without prejudice to the final outcome. A Gate 2 process that compels potentially prejudicial land purchases ahead of the conclusion of a CPO process is a flawed approach. It may also be the case that land rights can only be secured via compulsory purchase, a process that takes considerably longer than that allowed by the proposed 3-year longstop date.

¹ National Grid IFA 2 Limited, National Grid Interconnector Holdings Limited, National Grid Interconnectors Limited, National Grid North Sea Link Limited, National Grid Viking Link Limited

- For a project that has CPO powers Land Rights are therefore not an indicator of **if** a project will proceed. This further means that it is not a valid means to determine projects that should be removed from the queue at a certain Longstop Date.
- For large complex projects such as those developed by NGV, these require 10+ years of development with the connection agreement being sought as one of the initial activities. This is both to secure a connection point but also as they are connected via the “Invest and Connect” regime and so must wait for completion of wider transmission reinforcement works prior to their connection which again necessitates a longer lead time.

The appropriate criteria for Gate 2 (combined with the proposed Longstop Date of 3 years) is therefore **not** Land Rights. We believe that instead a technology specific approach should be taken to the Gate 2 criteria and the Longstop Date. We are therefore likely to propose working group alternative amendments at subsequent Working Group meetings.

2. Annual “Gate 1” Application Window

The introduction of an annual window introduces unjustified risk into the connection process for new applications. Should an annual window be missed then a project will have to wait up to 19 months² to get a connection offer. We would strongly encourage alignment of the new connection “Gate 1” window with the approach being considered by ESO for “Gate 2” applications.

3. Use of Methodologies

We agree that the policy areas proposed to be covered under methodologies might need a nimbler change governance procedure than that available under CUSC.

That said the policy areas proposed to be held under these methodologies are an integral part of the proposed new connections process. Should these methodologies have similar governance to others under the ESO transmission licence³ then only ESO will be able to propose change and that would raise concerns. In the period after implementation there will be a great deal of learning about the new processes on all sides, and it is imperative that changes can be identified by all industry parties and delivered quickly. We propose then that industry should be able to feed in suggested changes ahead of an ESO consultation, and where ESO is not minded to progress industry suggested changes Ofgem should be able to direct that ESO includes them in its consultation (while of course not fettering the Authority’s discretion). This process should occur twice in the first year recognising that accelerated development timetable and that the steepest learning will be in the period immediately following implementation.

Notwithstanding our comments above on CMP434 we agree that the connection process requires significant reform. We and our teams remain committed to the further development of CMP434 following this work group consultation and the development of a suitable package of proposals that will effectively address the defects identified by the Modification Proposal.

If you have any questions or require further details on the content of this response, please contact Andy Dekany (NGV – andy.dekany@nationalgrid.com).

Yours sincerely,

Martin Moran

Martin Moran, Head of Commercial, European Offshore Development, NGV

² 12 months until the next application window opens/closes, plus up to 6-7 months for ESO to produce an offer

³ For example, BSAD Methodology, Procurement Guidelines