

Workgroup Consultation Response Proforma

CMP434: Implementing Connections Reform

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to cusc.team@nationalgrideso.com by **5pm on 06 August 2024**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Richard Woodward	
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Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input checked="" type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

I wish my response to be:
 (Please mark the relevant box)

Non-Confidential (*this will be shared with industry and the Panel for further consideration*)

Confidential (*this will be disclosed to the Authority in full but, unless specified, will not be shared with the Workgroup, Panel or the industry for further consideration*)

For reference the Applicable CUSC (non-charging) Objectives are:

- a) *The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- b) *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- c) *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- d) *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

Please express your views in the right-hand side of the table below, including your rationale.

Standard Workgroup Consultation questions		
1	Do you believe that the Original Proposal better facilitates the Applicable Objectives?	Mark the Objectives which you believe the Original solution better facilitates: Original <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
<p>We support the intent of CMP434 to implement a new and improved connections process. However, we have concerns regarding the effectiveness of some aspects of the TMO4+ proposal to achieve the desired outcome of Connection Reform.</p> <p>We feel that the proposer’s solution could be enhanced, either through further development with the workgroup, or through wider supporting policy development, to mitigate these concerns prior to submitting the final Modification Report to the Authority.</p> <p>In assessing the applicable objectives, we believe the proposal does provide a marginal improvement to the existing baseline by considering project viability as a criterion for allocating firm connection capacity and queue position. We do however flag potential adverse consequences on the specifics of this approach (e.g. at Gate 2) later in our response.</p> <p>The solution does apply additional controls and proportionate limitations via supporting methodologies to prevent developers excessively flexing the scope of their projects at the detriment of adjacent Users or the relevant TO. In this respect, the proposal better facilitates objective B and could better facilitate objective A if the broader concerns we express later in our response are addressed regarding elements of the detailed proposal.</p>		
2	Do you support the proposed implementation approach? (see pages 59-61)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Whilst we support implementation ASAP, we are wary the proposed timetable is extremely compressed given the significant changes to existing process required for all industry stakeholders, not least the ESO themselves.</p> <p>We believe a more staggered approach to implementation might be beneficial than what is already proposed. This could commence with implementation of TMO4+ process in the codes, along with supporting methodologies, but initially only applied to existing projects via CMP435. This would provide a stable contracted background for network options development, before then initiating TMO4+ application windows for new projects and considering applications for advancement.</p>		
3	Do you have any other comments?	

	<p>As Transmission Owner for England and Wales, we develop the network infrastructure that economically and efficiently meets the evolving needs of our customers, while accelerating the transition to a net zero future.</p> <p>Whilst we agree that reforming the connections process is essential, it is important to recognise that without building the necessary network infrastructure to physically connect customer projects, these proposals will not be effective in meeting energy policy aims.</p> <p>Strategic planning of network infrastructure, aligned with expected network and societal requirements, is vital to drive value for end consumers and deliver meaningful change. This includes earlier engagement with the supply chain and communities to ensure efficient delivery of new infrastructure.</p> <p>Delivering against these principles also compliments the ambition of the new Government to set out an industrial strategy to kick start growth, which will see widespread electrification of the economy whilst unlocking the industries of the future.</p> <p>Currently we do not believe the package of proposals to implement TMO4+, including CMP434, adequately consider this wider strategic context. We are therefore concerned that the proposals merely re-frame the baseline inefficiency of the transmission connections arrangements via a gated process. We do not see tangible proposals to manage an ever-increasing and unconstrained contracted background, which is permitted under TMO4+ via the limited criteria for firm offers to be made for projects applying at Gate 2.</p> <p>A supporting executive summary has been provided which elaborates on these points and possible solutions (which are also shared below in response to Q4).</p>
<p>4</p>	<p>Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?</p> <p><input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input checked="" type="checkbox"/> No</p>
	<p>Not currently – however this is subject to the proposer and workgroup considering wider industry views via responses to this consultation. We may otherwise be compelled to bring forward alternatives that:</p> <ul style="list-style-type: none"> • Apply stronger requirements for customers to successfully obtain a Gate 2 offer These must include additional consideration of the expected network and societal needs associated with connecting a project (e.g. delivery of net zero, providing a wider economic benefit, or supporting industrial growth) - rather than applicants simply being first to apply or first to obtain land rights. <p>Gate 2 criteria could also be flexed to apply more proportionate barriers to entry by considering a project’s broader viability. For example, evidence of a project’s anticipated route to secure capital investment ahead of Final Investment Decision (FID), obtaining a generation licence, or signalling the project’s ‘path to market’ (e.g. an application for subsidy or indicative terms for a Power Purchase Agreement).</p>

These options, in our view, would help demonstrate greater credibility of User projects to justify allocation of a firm queue position and allocation of capacity.

- Ensuring that the impact of anticipated customer connections can be adequately assessed in network planning to improve the accuracy and quality of firm offers.**

We believe more time is needed than currently proposed for the to-be CNDM process, to enable comprehensive system modelling on a stable contracted background. This would not only enable a more accurate assessment of network requirements but (in conjunction with strategic requirements applied at Gate 2) would enable the TOs to provide more definitive information to Gate 1 projects ahead of Gate 2 applications of project location (e.g. siting studies).

As per our response to Q8, and subject to the proposer defining their solution, we believe projects having to pass through Gate 1 before proceeding to Gate 2 could provide the necessary time for these system studies. This would ensure that the feasibility and impact of their projects can be accurately evaluated, albeit we understand this would not necessarily be popular with ambitious and well-prepared developers.

Specific Workgroup Consultation questions	
5	<p>Do you agree with the elements of the proposed solution? Element 7 has been de-scoped and Element 10 is proposed to be codified within the STC through modification CM095. Please provide rationale for your answer and any suggestions for improvement to each element?</p>
<p>Element 1: Proposed Authority approved methodologies and ESO guidance (see pages 9-10, 55)</p>	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>We agree with the proposer that it is appropriate for TMO4+ to have supporting arrangements beyond the 'minimum viable product' process. We are comfortable that these sit alongside, but not in, the codes. Our support however is based on there being a transparent and consultative process for initial drafting and future updates of relevant methodologies (see our response for Q12 for more info).</p> <p>In addition to our views shared in Q3, and assessment of Element 11 regarding the proposed Gate 2 criteria, we note the level of consternation amongst the developer community in the workgroup that this may not be codified. We have sympathy on both points of view, and by way of providing reassurance/compromise, believe it might be appropriate for the proposer to consider codification of a minimum Gate 2 criteria in CUSC. This could then be further evolved/enhanced (as we believe is necessary) via their policy/methodology document.</p>	
<p>Element 2: Introducing an annual application window and two formal gates, which are known as Gate 1 and Gate 2 (i.e. the Primary Process) (see pages 11, 35-36)</p>	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>We support the intent of the gated and windowed TMO4+ process, but only on the basis that it establishes a more effective management of the existing (via CMP435) and future contracted background – both at an indicative stage (Gate 1) and firm stage (Gate 2).</p>	

<p>As currently proposed however, we believe that the following risks all limit the ability for ESO and TOs to efficiently batch assess Gate 1 and Gate 2 applications to enable optimised network design outputs:</p> <ol style="list-style-type: none"> 1. the potential for overlap of the Gate 1 and Gate 2 application windows (and subsequent windows); 2. the potential for developers to skip straight to Gate 2 (coupled with the minimal Gate 2 criteria); 3. the compressed timescales between Gate 1 and 2 windows to enable an effective CNDM. <p>Consequently, we anticipate a high risk of a continuing volatile contracted background leading to sub-optimal TO investment, as well as lesser quality offers for Gate 2 applicants. Both are in keeping with the already defective baseline not a desirable future state.</p> <p>These issues can be mitigated by the ESO ensuring efficient timing/sequencing of the application window process, along with allowing sufficient time for the CNDM process. Additionally, other elements of the CMP434 solution can be strengthened to ensure that developer interactions with TMO4+ serve the needs not only of their projects but the statutory obligations that need to be followed by ESO and TOs. It is important to note that economic and efficient connection outcomes are critical for all industry stakeholders, not least end consumers who ultimately fund the majority of TO investment.</p>	
<p>Element 3: Clarifying which projects go through the Primary Process (see pages 11-12, 35-36)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>The scope of application for the Primary Process is sensible. Noting our response however on Element 17 and 18 however, we believe the application to embedded projects needs further clarification in the proposer’s solution to ensure consistent treatment of all transmission applicants (i.e. directly connected or otherwise).</p>	
<p>Element 4: Significant Modification Applications concept, including the proposed criteria and the proposed level of codification (see pages 12-13, 36-39)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>This is an important element of the proposer’s solution in our view, to reduce the ability for gaming by applicants or excessive flexibility which is at the detriment of TO investment planning and/or the timely connection of adjacent Users.</p> <p>Regarding the ESO’s intention to not codify this aspect of their solution; whilst this is understandable in the short-term, we do believe this might be one area of policy which would benefit from longer term codification once stable/applicable in practice. This would ensure robust behavioural signals continue to be applied via compliance obligations in the code.</p>	
<p>Element 5: Clarifying any Primary Process differences for customer groups (see pages 13-14, 35-36)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Please see our response to Element 17 and 18 for more info regarding embedded projects. We do however believe the offshore proposals are sensible subject to further feedback from relevant industry stakeholders.</p>	

<p>Element 6: Setting out the process and criteria in relation to Application Windows and Gate 1, including introducing an offshore Letter of Authority equivalent as a Gate 1 application window entry requirement for offshore projects (see pages 15-16, 39-40)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Aside from the points raised elsewhere in our response regarding the timing/sequencing of Gate 1 application windows, we have no further comments on the Gate 1 concept as it pertains to the MVP TMO4+ proposed solution.</p>	
<p>Element 7: Fast Track Disagreement Resolution Process (de scoped from this modification – see pages 16, 58)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>We have no comments on this process; the ESO and Users are best-placed to assess this element.</p>	
<p>Element 8: Longstop Date for Gate 1 Agreements (see pages 16, 40-41)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Without a clear understanding of CNDM and the exchange of data anticipated from ESO to TOs to support it (e.g. modelling the Gate 1 background), it is unclear to us what adverse consequences there are for a project to remain in Gate 1 indefinitely? Certainly to justify termination?</p> <p>Perhaps the application of a financial instrument (not in scope) after a sufficient period of time between Gate 1 offer acceptance and Gate 2 application might be a more appropriate incentive for pre-Gate 2 projects to progress or consider withdrawal?</p>	
<p>Element 9: Project Designation (see pages 17-18, 48-49)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>We believe there is an important role for Project Designation in the proposed TMO4+ process. We do however believe it would be sensible to future-proof the proposed criteria by incorporating a direction provided to the (N)ESO by a relevant authority or Secretary of State. This is because there may be a wider societal, economic, environmental or other government-linked policy objectives which could be facilitated in future via the Project Designation route, e.g. deployment of strategic demand.</p>	
<p>Element 10: Connection Point and Capacity Reservation (proposed to not be codified within the CUSC, but is intended to be codified within the STC through modification CM095 – see pages 18-20 and the CM095 Workgroup Consultation, pages 6-10)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>We agree with the ESO that this is an important aspect of the future connections process, but this needs to be done transparently in STC. We will build on this view in our response to the CM095 consultation, particularly the interaction with the CATO regime, which might be better considered via a separate modification.</p>	
<p>Element 11: Setting out the criteria for demonstrating Gate 2 has been achieved and setting out the obligations imposed once Gate 2 has been achieved (see pages 20-24, 42-46)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

<p>Aside from the points raised elsewhere in our response regarding the validity of land rights as the lone criteria for Gate 2, we believe the supporting provisions as set out in this element are comprehensive. We do anticipate further discussion on this with the workgroup however and are particularly keen to hear wider views from developers as to whether there are adverse consequences not currently anticipated.</p> <p>We support the refocus of the M1 and M2 milestones to be forward-looking post-offer acceptance. We agree that there is merit in considering all Queue Management milestones reverting a forward-looking approach if TMO4+ (and the application of it to the existing contracted background) does indeed enable the network licensees to deliver more timely transmission connections.</p>	
<p>Element 12: Setting out the general arrangements in relation to Gate 2 (see pages 25-26, 47)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>In principle these arrangements make sense, assuming the proposer adequately addresses concerns raised earlier in our response regarding the potential for inefficient CNDM outcomes due to compressed timescales and/or overlapping application windows.</p>	
<p>Element 13: Gate 2 Criteria Evidence Assessment (see pages 26-27, 47-48)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>We strongly advocate for robust monitoring of User evidence for Gate 2 criteria compliance, as this is the point at which project firmness, queue position, user commitment, and capacity allocation is applied.</p> <p>Therefore, in addition to self-certification process – which we believe is a fair starting point - we believe it necessary for the ESO to ensure full scrutiny of the underlying evidence to support a developer’s claim to have satisfied the Gate criteria. We do not believe sample checks for this are sufficient.</p>	
<p>Element 14: Gate 2 Offer and Project Site Location Change (see pages 28, 46)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>We believe it is fair to include a time-limited process for Users to apply for a project site location change, in accordance with a Gate 2 offer being somewhat different to what was applied for. However, this process appears to be needed in lieu of a more open and transparent project siting process which could spin-off from CNDM prior to Gate 2 applications?</p> <p>If the application window timing were staged such to allow the ESO and TOs sufficient time to optimise their network design and anticipatory investment processes via CNDM (which ultimately prompts project siting), we believe publication of relevant information to Gate 1 projects would enable them to proceed to Gate 2 with more confidence. This could avoid this element being needed at all.</p>	
<p>Element 15: Changing the offer and acceptance timescales to align with the Primary Process timescales (e.g. a move away from three months for making licenced offers) (see pages 29, 42-46)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>It is difficult to respond on this element of the proposal as the proposer has not provided or estimated a revised timescale. Until such time as this becomes clearer, it is difficult to support including this consideration in the end solution. The proposer has also not</p>	

	<p>differentiated between potential timescale changes between Gate 1 versus Gate 2. We would encourage them to do so – perhaps in conjunction with the TOs via the CM095 proposal?</p>	
	<p>Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (see pages 29, 53-55)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>We are supportive of the intent of CNDM on the basis that the TMO4+ annual process is facilitated to provide the Onshore TOs the time required to deliver it and provides a compliant network against which to offer customer connections.</p> <p>We are aware that further work is ongoing outside the code modification process to agree the intended process steps. Whilst we agree CNDM should substantively sit alongside, but not in, the codes, we believe it is vital for all relevant stakeholders (not least the TOs) that CNDM is fully agreed prior the conclusion of the CMP434 and CM095 workgroups. This will allow thorough consideration of the end-to-end connections process before recommendation votes occur at workgroup and then Panel.</p>	
	<p>Element 17: Introducing the concept of a Distribution Forecasted Transmission Capacity (DFTC) submission process for Distribution Network Operators (DNOs) and transmission connected Independent Distribution Network Operators (iDNOs) to forecast capacity on an anticipatory basis for Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations aligned to the Gate 1 Application Window (see pages 30-33, 51-53)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
	<p>We are confident that the very necessary provision of a Distribution input forecast and be achieved via existing Week 24 provisions in Grid Code. Enhancements to these processes are underway via modification GC0139, and we believe and best managed there.</p> <p>The CMP434 proposal then needs to consider if, and how, an application at Gate 1 for downstream embedded customers is needed.</p>	
	<p>Element 18: Set out the process for how DNOs and transmission connected iDNOs notify the ESO of Relevant Embedded Small Power Stations or Relevant Embedded Medium Power Stations which meet Gate 2 criteria (see pages 33-34, 51-53)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>We believe more work is needed here in the context of the revised approach for DFTC (i.e. Week 24) and to ensure consistent treatment of all transmission applicants (embedded or otherwise). Implementation of optimised TIA and DIA processes via other modifications appears to have stalled(?), so it is important to understand how TMO4+ might improve these before proceeding on the basis of the existing baseline processes.</p>	
<p>6</p>	<p>Are there any elements of the proposal which you believe should not be included as part of this proposed solution, which the Proposer believes</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	<p>represents the 'Minimum Viable Product' reforms required to the connections process? If not, why not? (Please note the element number in each of your responses if applicable)</p>	
<p>As flagged, we believe a process to obtain Distribution capacity forecasts already exists via the Grid Code Week 24 process, and can be evolved to cater for the needs of TMO4+.</p> <p>Additionally, the proposer may wish to reflect on the merits of Element 14 on the basis of an effective CNDM process being agreed (as flagged above).</p>		
7	<p>As per question 6, are there any additional features which you believe should be included as part of Minimum Viable Product reform to the connections process?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>We believe the CMP434 proposal currently still sets an unrealistically high expectation that every User application could/should progress to obtain a firm Gate 2 offer and eventually connect. We believe this sets an unreasonable signal of true network capacity availability, and/or neglects to consider what is needed to deliver government energy policy targets, e.g. net zero, decarbonisation, and projects needed to facilitate industrial growth or meet societal demands.</p> <p>We believe it is appropriate to manage expectations of applicants post Gate 1, where projects are considered indicative or conditional, that attrition is not only expected (i.e. Users withdraw - without the need for long-stop dates or financial instruments) but necessary to ensure that firm offers are made to projects that are ready but prioritises those that are <i>needed</i> at Gate 2.</p> <p>This can be achieved through evolving the Gate 2 criteria (as we discuss throughout our response), but also by adding LOA duplication checks of the Gate 1 pool where there is a partial (i.e. 50% or more) overlap with a Gate 2 project that has accepted a firm offer. These Gate 1 projects should be actively encouraged to resubmit on the basis of a revised LOA or to withdraw – without penalty.</p>		
8	<p>Do you agree that the Gate 1 process should be a mandatory process step, or do you think Gate 1 should be an optional process step with projects being able to apply straight into the Gate 2 process if the project meets both the</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	<p>relevant Gate 2 and Gate 1 criteria?</p>	
	<p>We have multiple concerns as flagged earlier in our response (Q3) which could be easily mitigated by enforcing that new applications proceed through both Gate 1 and Gate 2 (unless otherwise designated by the NESO).</p> <p>We believe the proposer needs to consider these issues more holistically and work with us/the workgroup to consider more appropriate solutions. Until then, it would seem prudent to us to mandate that new applications move through Gates 1 and 2 in a linear/consecutive fashion to provide sufficient time to study the impact of connecting these schemes on the transmission system.</p>	
<p>9</p>	<p>Do you believe that the proposed Gate 1 and Gate 2 process could duly or unduly discriminate against any types of projects? If so, do you believe this is justified?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>As per our response above, the current proposals reward projects which are best able to swiftly acquire land rights – enabling them to obtain firm offers first. There is arguably a technology or scale orientation to this, which could be argued as undue.</p> <p>Prioritising progression alongside wider strategic prioritisation (i.e. ‘need’) as well as network capacity availability would be a more comprehensive approach to enable the proposer to mitigate this situation.</p>	
<p>10</p>	<p>Please provide your views on the proposed options ((a) to (e) on page 45) to mitigate the risk of requiring a developer to submit their application for planning consent earlier than they would in their development cycle (with the risk this consent could expire and any extension from the Planning Authority is not automatic).</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>We await further feedback on industry before providing a further view on this. We believe the M1 and M2 milestones should be forward-looking however, and will consider any viable option which ensures that this is the case whilst not putting undue constraints on developers.</p>	
<p>11</p>	<p>Do you agree that DFTC should be included as part of CMP434? If not, do you believe that the reformed connections process can function without DFTC?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

	<p>Please justify your answer. (see pages 30-34, 51-53)</p>	
<p>We are confident that the very necessary provision of a Distribution input forecast and be achieved via existing Week 24 provisions in Grid Code. Enhancements to these processes are under way via modification GC0139, and we believe and best managed there. The CMP434 proposal then needs to consider if, and how, an application at Gate 1 for downstream embedded customers is needed.</p>		
<p>12</p>	<p>The Proposer intends to set out supporting arrangements for TMO4+ via a combination of guidance and methodologies (e.g. DFTC, CNDM, Project Designation, Gate 2 Criteria). Do you anticipate any issues with having these outside of Code Governance? (see Pages 9-10, 55)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Whilst the ESO's recommendation for how these documents will be maintained is reasonable, we do believe that the supporting governance process for making updates needs to be established somewhere more accessible than the NESO licence - perhaps in brief terms under CUSC (and STC as applicable) - to give wider industry reassurance on change control and impact assessment.</p>		