

Workgroup Consultation Response Proforma

CMP435: Application of Gate 2 Criteria to existing contracted background

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:	Florent Leblanc	
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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 checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input checked="" type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input 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.

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 type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
Click or tap here to enter text.		
2	Do you support the proposed implementation approach? (See page- 57-58)	<input type="checkbox"/> Yes
		<input type="checkbox"/> No
Click or tap here to enter text.		
3	Do you have any other comments?	
		Click or tap here to enter text.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input checked="" type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)
		<input type="checkbox"/> No
Key errors include: (1) Collocation is not considered, indeed this policy will render collocation almost impossible, which is a crucial error; (2) This proposal makes the construction of major clean energy generation stations more difficult and will encourage many more smaller projects (not good for system operation); (3) Excluding financial instruments is a fatal omission as capital underpins every aspect and step that is needed; and (4) Timescales do not consider less mature technologies such as onshore wind, hydrogen and SMR.		

Specific Workgroup Consultation questions	
5	<p>Do you agree with the elements of the proposed solution for CMP435? <i>Please note that the application of these elements may be different to CMP434, therefore please answer the questions in respect to CMP435.</i></p> <p>Elements 2,4,6,7,12,15,17 and 18 are not part of the CMP435 Proposal and is only part of the CMP434 Proposal. Element 10 is proposed to be codified within the STC through modification CM095.</p>

Please provide rationale for your answer and any suggestions for improvement to each element?	
Element 1: Proposed Authority approved methodologies and ESO guidance (see Page 8-10,29)	<input type="checkbox"/> Yes <input type="checkbox"/> No
Click or tap here to enter text.	
Element 3: Clarifying which projects go through the Primary Process (See pages 10-11,29-31)	<input type="checkbox"/> Yes <input type="checkbox"/> No
Click or tap here to enter text.	
Element 5: Clarifying any Primary Process differences for customer groups (See pages 11-12,32)	<input type="checkbox"/> Yes <input type="checkbox"/> No
Click or tap here to enter text.	
Element 8: Longstop Date for Gate 1 Agreements (See pages 12-13, 32-33)	<input type="checkbox"/> Yes <input type="checkbox"/> No
Click or tap here to enter text.	
Element 9: Project Designation (See pages 14-15, 33-34)	<input type="checkbox"/> Yes <input type="checkbox"/> No
In principle this seems a sound idea however it should not be used by the ESO and TOs to pick technologies that they feel are more likely to be consented and therefore connected.	
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 16-21, 34-39)	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>The Gate 2 criteria is not in the interests of GB consumers.</p> <p>The Gate 2 criteria is going to encourage a proliferation of small projects, increasing the workload for NGET and NGESO and entrenching the dissatisfactory queue status.</p> <p>Nationally Significant Infrastructure Projects (NSIP) e.g. 500MW solar projects that typically require 2500 acres of land, contain multiple landowners, and landowners do not progress at the same pace when agreeing Heads of Terms and signing an Option. To require NSIP projects to have all land under Option to Lease at Gate 2 will render them undeliverable and create an exponential rise in smaller projects (which require less acreage).</p> <p>The construction and operation of the NSIP projects make efficient use of NGET and NESO resource, maximises the usage of substation bays and makes the operation of the system more efficient for NESO (and consumers).</p>	

We recommend that NSIP projects must demonstrate that at least 51% of the land has an Option and that there is a credible plan for securing the remaining 49% (e.g. Exclusivities, Heads of Terms, approaches). Compulsory Acquisition Powers must be preserved as they are critical to the success of NSIP projects. Moreover, it is critical that any criteria does not extend to cable routing as this would have catastrophic consequences to the ability for any parties to bring forward a development due to the multiple landowners.

The typical timescales based on views of some workgroup members are very ambitious but should be tentatively implemented with the commitment to review once more is known about less mature technologies (there is insufficient experience and data to know timescales for onshore wind, hydrogen and small nuclear). The 'Proposal' is too stringent and will result in the termination of projects in the national interest.

Whilst a sensitive topic, access to capital, underpins the ability to secure land rights, progress planning, build and operate. It is crucial, there is a requirement to substantiate that a developer has access to capital (but not necessarily has the capital in the bank). Not only do many developers not have access to capital and develop anyway, but there also isn't enough capital to build the contracted pipeline. To negate the issue of capital is to perpetuate the problem.

Element 13: Gate 2 Criteria Evidence Assessment
 (See pages 22-23, 39-40)

Yes
 No

Element 14: Gate 2 Offer and Project Site Location Change (See pages 23-24, 40-41)

Yes
 No

Element 14 only considers developers moving the development site within a year to one near the new connection point.

There seems to be no provision to allocate interested developers to their 'first-choice'* substation.

The process should be that developers at their 'first choice' substation make their case by providing the evidence of land rights and based on this evidence then spare bays fill up accordingly as Gate 2 offers.

It does feel like the ESO is missing a Policy decision to allocate interested developers to their first-choice substation and then developers make their case providing the evidence of land rights etc and based on this evidence then spare bays fill up accordingly as Gate 2 offers. In our opinion if you do it this way you apply and enact 1st Ready 1st Connected.

*'First choice' substation being the substation that a developer applied for in the first place and not the nodal or indicative point that may have been issued in the past year.

Should it be absolutely necessary for NESO to offer a POC at Gate 2 that is different from the one at Gate 1, there should be a commitment from NESO to offer a new POC that is no further than 15km from the site as it is not realistic to expect developers to relocate projects.

By way of background to this:

There are multiple examples where a Developer has secured land in a close proximity to a substation where there is possible capacity, bay availability etc – however due to the previous connection process the developer who may have secured the optimal land first, has been allocated a different connection point. The parties in front of them at the original substation may have completely unviable/speculative schemes.

However, under current consultation, even if the Developer has land and planning permission – they will not be given a connection at the substation that they applied too. This is perverse and completely against the intention of the reform and must be changed.

Developers who have secured the optimal land and planning should not be penalised simply because there are Developers without the land and had submitted a connection application and have secured the capacity.

It defeats the point of the reform and a move to ‘first ready first connect’. There will be multiple parties in this situation and who will challenge this ruling

Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (See pages 24-25, 41-42)	<input type="checkbox"/> Yes <input type="checkbox"/> No
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Page 42 of the Consultation indicates that the approach to the CNDM is not clear and there appear to be disagreements. If the ESO does not have a clear process for Network Design then it is likely that Connections Reform will fail.

The requirements should be codified. The CNDM must not be governed by a guidance document.

This is critical to get right and the rules of the game and how each TO complies should not be left open to interpretation. The ESO must have:

1. A CNDM
2. Publish the CNDM on a regular basis
3. Work with Industry on the content of the CNDM
4. State how the ESO allocates capacity and reallocates capacity and make this a licence condition
5. Incorporate Spatial Planning / CATO / Commercial Service (Pathfinder) opportunities

Element 19: Contractual changes (See pages 26-28, 43-46)	<input type="checkbox"/> Yes
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		<input type="checkbox"/> No
	<p>Renewable UK and Cornwall Insight have published information extolling the significant benefits of collocation and calling for recognition in policy.</p> <p>In collocated projects / hybrid energy hubs, different generators are often built in phases and so would pass through Gate 2 at different times. CMP434 and 435 as it currently proposed blocks the development and operation of collocated clean energy assets.</p> <p>CMP434 and 435 need to make provision for the collocation of multiple technologies / development of hybrid energy hubs through a staged connection, starting with BESS as it requires less reinforcements.</p>	
	Element 20: Cut Over arrangements (See page 28, 47)	<input type="checkbox"/> Yes <input type="checkbox"/> No
6	<p>Are there any elements of the proposed CMP435 solution - as per Q5 - which you believe are not appropriate to include when you consider how to most effectively implement TMO4+ to projects in the existing contracted background (as opposed to the process for new applicants via CMP434)? If yes, please provide supporting justification.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Click or tap here to enter text.	
7	<p>In relation to Q6, are there any features which you believe are missing in the proposed CMP435 solution that would more effectively facilitate implementation of TMO4+ to the existing contracted background. If yes, please provide details and justification.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
8	<p>Do you believe any groups of projects should be exempt from the scope of CMP435 or from some elements of the proposed solution? If so, please advise on which groups and elements and provide rationale to why.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Click or tap here to enter text.	
9	<p>Do you believe that the proposed solution could duly or unduly discriminate against any particular types of projects? If so, do you believe this is justified?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Click or tap here to enter text.	