

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:	Holly Burke	
Company name:	MaresConnect Limited	
Email address:	Holly.Burke@maresconnect.ie	
Phone number:	07895200425	
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 checked="" type="checkbox"/> Interconnector	<input 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 checked="" type="checkbox"/> No
<p>We do not agree that Interconnectors should be included in the connections reform, for the reasons set out in MaresConnect’s response to Ofgem’s ‘Update on reform to the electricity connections process following proposals from the ESO’ (MaresConnect Response) attached as an appendix to this response.</p> <p>We have set out these arguments again in Question 8 below.</p> <p>If interconnectors are included in the final form of the proposal, we do not agree with the timing for the Gate 2 Self Declaration letter for interconnector projects with existing connection agreements which are currently being assessed in Ofgem’s Third Cap and Floor Window.</p> <p>We request that a further 6 month period is granted for these projects to allow sufficient time to meet this criteria. The rationale for this request is that Ofgem expects to make its final decision for the Window 3 projects in Autumn 2024 (i.e. by the end of November 2024). Ofgem’s decision has been significantly delayed, with the minded-to position published in March 2024 being negative for 7 of the 9 projects. Ofgem has indicated that additional projects may obtain a positive final IPA position, but has not yet provided any indication to the individual projects as to prospects of obtaining a positive final decision.</p> <p>As a result, the 7 projects with a negative minded-to position are progressing other development workstreams at risk of a negative final decision. This connections reform process, and the potential for it to apply to interconnectors with existing connection agreements, is a recent development. Accordingly, there is a very limited time for projects to accelerate land acquisition workstreams to acquire an option agreement that complies with the proposed requirements. While</p>		

MaresConnect will use all reasonable endeavours to obtain the required land interest by 31 January 2025, there is a risk that there is not sufficient time to do so. Factors that could put this timescale at risk include:

- (a) **Protracted commercial discussions:** It can take a significant period of time to reach a commercially acceptable agreement and finalise the legal documentation for a land option. This could be made even more difficult for developers if land owners become aware of the impending deadline for a developer to agree and sign the land option agreement, which could result in ransom offers from landowners and ultimately higher land acquisition costs which would not be in the interests of consumers for projects with Cap & Floor regulation.
- (b) **Environmental and Technical studies:** Final selection of a preferred converter station location and landfall requires the completion of the appropriate technical and environmental studies prior to selecting a final proposed location and completing final land agreements. The planning process promotes an approach where alternative sites are assessed prior to the submission of the planning process. Depending on the nature of the sites to be assessed there is significant potential that a preferred converter station or landfall option will not have been selected. We note that this would not be an issue within the existing process as there is sufficient time within the programme in the agreements to obtain planning and land interests to meet the construction timetable in the connection agreements with National Grid. The Gate 2 land requirement creates an artificial step in the process which may cut across planning processes. Accordingly, taking a project-specific approach is warranted. A one size fits all approach runs the risk of interconnector projects having connection agreements terminated as a matter of process, when in fact that project may be progressing well and be able to meet its agreed construction timetable without obtaining land by 31 January 2025. Depending on the nature of the sites to be assessed there is significant potential that a preferred converter station or landfall option will not have been selected.

It is important to note that one of major objectives of an interconnector is to deliver value to the electricity consumers and place downward pressure on wholesale electricity prices. Developers of interconnectors are encouraged to develop projects efficiently to improve the benefits witness by consumers. In the UK an interconnector project benefits from compulsory land acquisition powers. While voluntary agreements are sort these powers are in place to ensure that a project can be delivered on time without being held to ransom by landowners.

The point of connection to be pursued by an interconnector is selected by the National Grid on technical and economic grounds. Unlike generation projects, Interconnectors therefore commence a development process with no land agreements in hand and have to complete a thorough optioneering process incorporating feedback from landowners and results of environmental studies.

By enforcing interconnector developers to secure land rights early in the development process and taking away the developer's discretion on the most

	<p>appropriate and cost effective time to secure land National Grid is in potentially promoting a development process that results in increased costs to UK consumers.</p> <p>A longer time period for Window 3 interconnector projects to meet the Gate 2 requirements would alleviate these issues without cutting across the objectives of the reform.</p>		
3	<p>Do you have any other comments?</p> <p>Click or tap here to enter text.</p>		
4	<table border="1"> <tr> <td> <p>Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?</p> </td> <td> <p><input checked="" type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input type="checkbox"/> No</p> </td> </tr> </table> <p>We have the following alternative Workgroup Consultation Alternative Request:</p> <ul style="list-style-type: none"> (a) Interconnectors with existing connection agreements to be excluded from the proposal; (b) The timeframe for interconnectors with existing connection agreements which are currently being assessed in Ofgem’s third Cap & floor window is extended by an additional 6 months to 31 July 2025. 	<p>Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?</p>	<p><input checked="" type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input type="checkbox"/> No</p>
<p>Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?</p>	<p><input checked="" type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section)</p> <p><input type="checkbox"/> No</p>		

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> <p>Please provide rationale for your answer and any suggestions for improvement to each element?</p>		
	<table border="1"> <tr> <td> <p>Element 1: Proposed Authority approved methodologies and ESO guidance (see Page 8-10,29)</p> </td> <td> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> </td> </tr> </table> <p>Click or tap here to enter text.</p>	<p>Element 1: Proposed Authority approved methodologies and ESO guidance (see Page 8-10,29)</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
<p>Element 1: Proposed Authority approved methodologies and ESO guidance (see Page 8-10,29)</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>		
	<table border="1"> <tr> <td> <p>Element 3: Clarifying which projects go through the Primary Process (See pages 10-11,29-31)</p> </td> <td> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> </td> </tr> </table> <p>As set out above, we disagree with interconnector projects with existing connection agreements being included in the projects which will go through the Primary Process. We do not agree that interconnector projects with existing connection agreements should be included and request that they are excluded in the final proposal. The rationale for this is set out in the MaresConnect Response</p>	<p>Element 3: Clarifying which projects go through the Primary Process (See pages 10-11,29-31)</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>
<p>Element 3: Clarifying which projects go through the Primary Process (See pages 10-11,29-31)</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>		

which is attached as an Appendix to this response. We have set out these arguments again here for completeness:

- **Financial burden and additional risk:**
 - It seems counterintuitive for interconnector projects to secure land rights and set firm dates for planning applications prior to receiving definitive confirmation of grid connection locations and dates. These elements are fundamental prerequisites for obtaining the necessary land and planning approvals. The significant financial burden associated with securing these rights would need to be undertaken without assurance, posing a substantial risk. This requirement places undue financial and operational strain on interconnectors, which are complex, cross-jurisdictional projects with lengthy developmental timelines. Such conditions could severely deter private investment in GB interconnector projects, as investors typically seek stable and predictable regulatory environments to mitigate risks. Given the strategic importance of interconnectors in enhancing grid resilience, supporting renewable energy integration, and providing essential ancillary services, we urge a reconsideration of these requirements to better align with the unique characteristics and contributions of interconnector projects.
- **Inconsistency with Ofgem Cap & Floor regulatory processes:**
 - For interconnector and Offshore Hybrid Asset (**OHA**) projects, the proposed window-based approach complicates the coordination of project timing significantly. The necessity to have a connection already established as an eligibility criterion, combined with the typically narrow application windows, poses logistical challenges. These windows do not afford sufficient time to secure a connection once the window's availability is announced. For instance, the last application window was delayed substantially from its initially indicated schedule at the end of the ICPR in 2021, eventually opening on 1 September 2022 and closing on 10 January 2023. This unpredictability can derail project timelines.
 - Furthermore, during the Initial Project Assessment (**IPA**) stage, Ofgem evaluates potential constraint costs based on designated connection points. If these connection points are subsequently altered as a result of implementing TMO4+, there are concerns that Ofgem's initial IPA could become outdated, leading to significant complications and potential financial repercussions during any later reassessments. These factors could severely impact the feasibility and financial planning of interconnector and OHA projects, emphasizing the need for a more flexible and accommodating approach in the application and assessment processes to reflect the unique complexities and strategic roles of these projects.
- **Retrospective effect for interconnector and OHA projects:**
 - There are particular concerns for interconnector projects currently engaged in Window 3, which have experienced significant delays due to postponements in the opening of the application window by Ofgem, as well as extensions to both the closing date and the anticipated decision date. Additionally, the regulatory approval process for interconnectors involves coordination between the regulatory bodies at both ends of the cable. It is common practice for the connecting country to await a decision from GB before proceeding with their own equivalent of an Initial Project Assessment (IPA). Regulatory approvals are time-consuming and lack predictable timelines, making them difficult for developers to rely upon. These uncertainties, compounded by the retrospective application of new rules and deadlines, can significantly disrupt project planning and execution. Given the strategic importance of interconnectors in national energy security and market integration, there is a pressing need for regulatory processes that

recognize and accommodate the unique complexities of these critical infrastructure projects.

- This lack of certainty has the following potential impacts:
 - Obtaining land rights at an early stage, prior to regulatory approval in at least one country, is difficult in that a developer is required to expend a significant amount of money to obtain land rights. Even if options are taken, rather than full land rights, there are considerable costs associated with professional advisors, legal costs, land surveys etc.
 - In some cases, Compulsory Purchase Order (**CPO**) processes are required which are lengthy. Could create a difficulty obtaining CPO if a risk that grid connection location could be changed.
 - If a delay occurs and the “indicative” connection point is changed, this could be significant amount of money lost on land rights that will not be used. It would require a significant change to the real estate market to adapt to these issues, including requiring much greater flexibility on termination rights, refunds from landowners, and flexibility around the term of the option period.
 - Lack of certainty can hinder engagement with key suppliers, including cable and convertor station manufacturers. Particularly given the constraints in this market, we are concerned that a lack of certainty on project timescales could result in suppliers not engaging in procurement processes during the development stage (which are key to the preparation of planning submissions) until the connection location and date are confirmed.

We note that a number of these concerns were expressed and noted at the 7 March 2024 Connections Process Advisory Group, as set out in the minutes of that meeting.¹

Element 5: Clarifying any Primary Process differences for customer groups (See pages 11-12,32)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Please refer to the response to Question 2 and the comments in respect of Element 5 above in relation to the need for a longer timeframe for existing interconnectors being considered in Ofgem’s Third Cap & Floor Window, if the final proposal applies to interconnectors.	
Element 8: Longstop Date for Gate 1 Agreements (See pages 12-13, 32-33)	<input checked="" 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Strategic Importance of Interconnectors:</p> <p>Interconnectors, though fewer in number compared to generation units seeking grid connections, play a critical strategic role in the balancing and stability of the GB electricity system. Currently they represent 24GW queued on the TEC register, just 3% of the total reported in Connections Reform - Phase 3 Update. Interconnectors provide essential</p>	

¹ Minutes of meeting for 7 March 2024 Connections Process Advisory Group, [download \(nationalgrideso.com\)](https://nationalgrideso.com)

ancillary services such as fast frequency response, voltage stabilization, and black start capability, which are important tools in emergency and peak demand scenarios. Given these strategic contributions, interconnectors can be considered as strategic national infrastructure.

Interconnectors that have successfully contained an interconnector licence and have been granted Initial Project Assessment status by Ofgem for Cap and Floor regulation have demonstrated that they meet all three criteria to attain Project Designation status:

- A) critical to Security of Supply
- B) Critical to system operation
- C) Materially reduce system / network constraints

We therefore suggest that all electrical interconnectors with a GB interconnector licence and which have obtained Cap & Floor Initial Project Assessment status should automatically gain Project Designation status. Interconnector projects that do not attain Initial Project Assessment status from Ofgem should not necessarily be barred from this Project Designation status but should be allowed to apply for this status as any other project and be considered on a project specific basis.

[Click or tap here to enter text.](#)

<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 16-21, 34-39)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
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Please refer to the response to Question 2 and our comments in respect of Element 3 which sets out our concerns for the timing of meeting the Gate 2 criteria for interconnector projects currently being considered in Ofgem’s Third Cap & Floor Window.

We also have the following concerns in relation to the criteria for demonstrating Gate 2 has been achieved.

Redline boundary: Due to the optioneering work and following planning best practice there needs to be flexibility with regard to the redline boundary. The planning process will require the redline boundary to present options until the planning application is submitted. MaresConnect suggest that the redline boundary along with narrative provides evidence that the project is in line to attain permits to ensure the connection date can be met.

Land acquisition: MaresConnect appreciates the recognition that an interconnector has compulsory purchase order powers and are therefore only have to demonstrate land rights for a converter station. It should be noted that option agreements can be expensive and there can be a lengthy process moving from agreed Heads of Terms to a final signed agreement. MaresConnect suggests that the fact that it holds compulsory purchase powers and that environmental and technical constraints can significantly reduce the appropriate sites for a converter station should be recognised. Compulsory purchase order powers do exist to ensure that important infrastructure can be delivered. By adopting a black and white approach to this criteria National Grid could result in important infrastructure

only passing Gate 2 once completing the CPO process. This would significantly reduce the appetite of investors to risk funding a project where they cannot be guaranteed a connection date. As a minimum, National Grid should adopt a flexible and open approach to understand the land strategy of interconnector projects with the emphasis on projects demonstrating that the project can be delivered to satisfy the connection date.

Land capacity calculation: MaresConnect does not believe that this assessment criteria is appropriate for an interconnector and appears to be targeted towards generation projects. National Grid’s criteria for interconnector projects is based on having the land for the converter station. The Land Capacity Calculation proposed by National Grid to be used to assess the adequacy of the land interest for a project is not relevant for interconnector converter station sites. For interconnector projects, the adequacy of the land interest should be project specific and appropriate for interconnector converter stations. The capacity using the interconnector will already be in operation, with MaresConnect aiming to improve market access, security of supply and market access for those projects.

Planning timescales: The planning timescales provided are arbitrary and each project should be judged on its merits providing narrative to National Grid to ensure that the project can demonstrate that it will meet its connection dates. By setting arbitrary timescales, National Grid could inadvertently delay projects. For example: A statutory consultee may request some additional technical work following the formal pre-application process for a major Town and Country Planning Application. If the developer knows that satisfying this request will push them outside of the timescale suggested by National Grid, they will be pressured to submit a lower quality application but then face a contested planning process rather than completing the work and delaying submission but then gain planning permission at an earlier date.

Element 13: Gate 2 Criteria Evidence Assessment (See pages 22-23, 39-40)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Click or tap here to enter text.

Element 14: Gate 2 Offer and Project Site Location Change (See pages 23-24, 40-41)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (See pages 24-25, 41-42)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Click or tap here to enter text.

Element 19: Contractual changes (See pages 26-28, 43-46)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Click or tap here to enter text.

Element 20: Cut Over arrangements (See page 28, 47)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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	Click or tap here to enter text.	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>As set out the response to Question 2 and our comments in relation to Element 5 above, we do not believe the timeframe for existing interconnector projects being assessed in Ofgem’s Window 3 process should be subject to the same timeframe for meeting the Gate 2 criteria.</p>	
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 checked="" 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>Yes, we believe that interconnector projects with existing connection agreements should be exempt, for the reasons set out in the MaresConnect Response which is attached as an Appendix and which is set out in our response to Question 1 and comments on Element 5 above.</p>	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>We believe that projects which are currently being assessed in Ofgem’s Window 3 Cap & Floor process have been delayed by the delays to Ofgem’s process and timing for a final decision, which was originally expected in Q3 2023 and is now expected in Q4 2024. As a result, it will be difficult for those projects to achieve the Gate 2 criteria by 31 January 2025. It would therefore be unfair and discriminate against these projects for the same Gate 2 criteria timetable to apply to these projects.</p>	

Appendix: MaresConnect response to Ofgem's 'Update on reform to the electricity connections process following proposals from the ESO'

6 May 2024

Ofgem
10 South Colonnade, Canary Wharf
London E14 4PU

By email: connections@ofgem.gov.uk

Response to Ofgem's Update on reform to the electricity connections process following proposals from the ESO

Dear Sir/Madam

MaresConnect Limited (**MCL**) welcomes the opportunity to respond to Ofgem's Update on reform to the electricity connections process following proposals from the ESO (the **Update**).

MCL is the developer of the 750MW MaresConnect Interconnector project between GB and Ireland (**MaresConnect**), which has applied for initial project assessment in Ofgem's third cap and floor window (**W3**). MaresConnect is a point-to-point interconnector between Bodelwyddan in Wales and North Dublin in Ireland. Further information on MaresConnect can be found at: www.maresconnect.ie.

We have set out our responses in relation to the areas Ofgem has requested stakeholder feedback. Our comments reflect the perspective of an interconnector developer.

1. Our position (including reference to Annex A)

We have the following feedback in respect of Ofgem's position (including Annex A):

- **Financial burden and additional risk:**
 - It seems counterintuitive for interconnector projects to secure land rights and set firm dates for planning applications prior to receiving definitive confirmation of grid connection locations and dates. These elements are fundamental prerequisites for obtaining the necessary land and planning approvals. The significant financial burden associated with securing these rights would need to be undertaken without assurance, posing a substantial risk. This requirement places undue financial and operational strain on

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interconnectors, which are complex, cross-jurisdictional projects with lengthy developmental timelines. Such conditions could severely deter private investment in GB interconnector projects, as investors typically seek stable and predictable regulatory environments to mitigate risks. Given the strategic importance of interconnectors in enhancing grid resilience, supporting renewable energy integration, and providing essential ancillary services, we urge a reconsideration of these requirements to better align with the unique characteristics and contributions of interconnector projects.

- **Inconsistency with Ofgem Cap & Floor regulatory processes:**
 - For interconnector and Offshore Hybrid Asset (**OHA**) projects, the proposed window-based approach complicates the coordination of project timing significantly. The necessity to have a connection already established as an eligibility criterion, combined with the typically narrow application windows, poses logistical challenges. These windows do not afford sufficient time to secure a connection once the window's availability is announced. For instance, the last application window was delayed substantially from its initially indicated schedule at the end of the ICPR in 2021, eventually opening on 1 September 2022 and closing on 10 January 2023. This unpredictability can derail project timelines.
 - Furthermore, during the Initial Project Assessment (**IPA**) stage, Ofgem evaluates potential constraint costs based on designated connection points. If these connection points are subsequently altered as a result of implementing TMO4+, there are concerns that Ofgem's initial IPA could become outdated, leading to significant complications and potential financial repercussions during any later reassessments. These factors could severely impact the feasibility and financial planning of interconnector and OHA projects, emphasizing the need for a more flexible and accommodating approach in the application and assessment processes to reflect the unique complexities and strategic roles of these projects.
- **Retrospective effect for interconnector and OHA projects:**
 - There are particular concerns for interconnector projects currently engaged in Window 3, which have experienced significant delays due to postponements in the opening of the application window by Ofgem, as well as extensions to both the closing date and the anticipated decision date. Additionally, the regulatory approval process for interconnectors involves coordination between the regulatory bodies at both ends of the cable. It is common practice for the connecting country to await a decision from GB

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before proceeding with their own equivalent of an Initial Project Assessment (IPA). Regulatory approvals are time-consuming and lack predictable timelines, making them difficult for developers to rely upon. These uncertainties, compounded by the retrospective application of new rules and deadlines, can significantly disrupt project planning and execution. Given the strategic importance of interconnectors in national energy security and market integration, there is a pressing need for regulatory processes that recognize and accommodate the unique complexities of these critical infrastructure projects.

- This lack of certainty has the following potential impacts:
 - Obtaining land rights at an early stage, prior to regulatory approval in at least one country, is difficult in that a developer is required to expend a significant amount of money to obtain land rights. Even if options are taken, rather than full land rights, there are considerable costs associated with professional advisors, legal costs, land surveys etc.
 - In some cases, Compulsory Purchase Order (**CPO**) processes are required which are lengthy. Could create a difficulty obtaining CPO if a risk that grid connection location could be changed.
 - If a delay occurs and the “indicative” connection point is changed, this could be significant amount of money lost on land rights that will not be used. It would require a significant change to the real estate market to adapt to these issues, including requiring much greater flexibility on termination rights, refunds from landowners, and flexibility around the term of the option period.
 - Lack of certainty can hinder engagement with key suppliers, including cable and convertor station manufacturers. Particularly given the constraints in this market, we are concerned that a lack of certainty on project timescales could result in suppliers not engaging in procurement processes during the development stage (which are key to the preparation of planning submissions) until the connection location and date are confirmed.

We note that a number of these concerns were expressed and noted at the 7 March 2024 Connections Process Advisory Group, as set out in the minutes of that meeting.¹

2. Our view of next steps (including reference to Annex B)

¹ Minutes of meeting for 7 March 2024 Connections Process Advisory Group, [download \(nationalgrideso.com\)](https://nationalgrideso.com)

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We have the following feedback in respect of Ofgem's proposed next steps (including Annex B):

- For interconnector and OHA projects, we request Ofgem undertakes a full risk assessment including a full assessment of the potential inconsistencies with the Cap & Floor regulatory process.
- We request Ofgem considers alternative measures for assessing progress for interconnectors and OHAs to meet the objectives of the Connections Action Plan without creating unintended impediments to investment in, and development of, these projects.
- We request Ofgem considers alternative measures to be taken where interconnector and OHA projects are assessed at 'Gate 2' such as re-ordering queue position but which do not result in a potential change to the connection point.
- We request that Ofgem and NGENSO engage directly with interconnector and OHA developers to ensure that the strategic nature of these projects and the interaction with the Cap & Floor regime are taken into account. We note that developers of interconnectors will likely have different views depending on the stage of their project, and developers of projects in the development stage which have not yet reached financial close/final investment decision are the most impacted by these proposals and should be consulted.

3. Whether this proposal goes far enough:

a. Are there any other proposals you would like to see brought forward as part of, or alongside, this reform to achieve the aim of significantly reduced connection timescales?

We have no further comments to make in response to this question.

b. What obligations and incentives for the TSO and network companies would you like to see introduced alongside, or a part of, the TMO4+ proposal, to ensure the intended outcomes of better customer experience and timely connection dates are delivered? (See Annex A, point CAP 3.5)

Strategic Importance of Interconnectors:

Interconnectors, though fewer in number compared to generation units seeking grid connections, play a critical strategic role in the balancing and stability of the GB electricity system. Currently they represent 24GW queued on the TEC register, just 3% of the total reported in Connections Reform - Phase 3 Update. Interconnectors provide essential

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ancillary services such as fast frequency response, voltage stabilization, and black start capability, which are important tools in emergency and peak demand scenarios. Given these strategic contributions, interconnectors can be considered as strategic national infrastructure.

Recommendations for Special Provisions:

Exemption from Connection Queuing Changes: Due to their strategic role and the complexity involved in their development, we propose that interconnectors be exempted from the changes to some of the standard connection queuing processes proposed under TMO4+. Recognizing them as strategic assets would align with national energy security and resilience objectives.

Extended Timeframes for Land Interests: As described above, the development of an interconnector involves navigating regulatory frameworks across multiple jurisdictions, utilizing HVDC technology, and managing extensive environmental permitting processes that can span several years. Therefore, it is reasonable to afford interconnectors greater flexibility and extended timeframes to secure land interests once other critical development milestones, described above, are achieved.

Regulatory Recognition: Interconnectors are governed under an interconnector licence, which places obligations on them similar to those of a transmission system operator, while also granting specific rights not available to other connection applicants. This regulatory status should be considered in the reformed connections process to streamline their development and integration into the grid.

We note that interconnector developers are already sufficiently incentivised to meet key development milestones and achieve planning permissions, as the securities payable under the Connection and Construction Agreements with NGESO are phased such that once Key Consents (as defined in those agreements) are obtained. Projects are required to pay securities to NGESO in response to securities statements which are issued every 6 months. The securities calculated at 42% of the Cancellation Charge, which reduces to 10% of the Cancellation Charge once the developer notifies NGESO that it has achieved its Key Consents. For interconnector assets, the Cancellation Charges are substantial due to the relative size of these projects.

- c. Do you believe additional criteria beyond readiness are needed to deliver (i) security of supply; (ii) system efficiency; (iii) strategic network plans; and (iv) the energy mix GB needs to meet net zero? (See Annex A, point CAP 3.6)**

Continued/6...

As set out in response to Question 2 above, we are of the view that alternative readiness criteria should be considered for interconnector and OHA projects, particularly those which have already obtained a grid connection agreement and which are in the process to obtain, or have obtained, an initial project assessment for Cap & Floor.

We are available to discuss further any of the points made above.

Yours sincerely,



Simon Ludlam

CEO

Mares Connect Limited

E: simon.ludlam@mareconnect.ie