

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:	Sarah Kenny-Levick	
Company name:	NGED	
Email address:	Sarah.kenny-levick@nationalgrid.com	
Phone number:	07500 987785	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input checked="" 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 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 checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> D
<p>The Original proposal better facilitates objectives A, B and D (objective C is classed as neutral by the Proposer). Whilst the proposal does drive some improvements to Objectives A, B and D we feel that that the proposal must go further in the move towards a first ready first connected approach, otherwise there will still be a long queue of projects that have met gate 2 with little progress in terms of reduction or prioritisation. We also believe that a ‘first needed’ approach should be integrated into the gate 2 criteria.</p> <p>We recognise that there is a need to make changes as soon as possible and therefore would propose that further changes are developed in parallel to the TMO4+ proposals.</p>		
2	Do you support the proposed implementation approach? (See page- 57-58)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>NGED are concerned about the implementation timescales for implementation at this point. NGESO has not provided sufficient information for us as a DNO to determine the impact to our processes and to our customers. The proposed timescales only state that the process will differ for embedded generation. However, there has not been any further information provided in relation to this. If the ESO significantly reorders the transmission queue, we may also have to significantly reorder the distribution queue to ensure we do not have a conflicted overall queue, where some developers have secured firm distribution offers but not firm transmission offers, and vice-visa. There have not been any proposals shared which explain when this could happen in the process.</p> <p>NGED are yet to see a draft version of the legal text and therefore we will need reasonable time to consider how we can implement this in our existing customer contracts, especially given that licence obligation changes and/or DCUSA changes might be necessary. We ask that ESO give us 2 months to implement, following the final publication of the legal text to enact TMO4+.</p>		
3	Do you have any other comments?	

	<p>We believe that TMO4+ could go a step further in relation to applying the first ready first connected process, by identifying which of the projects that have met the gate 2 criteria have progressed the furthest in relation their queue management milestones. Those that have developed their projects the most, regardless of whether they have requested an accelerated date or not, would then be the ones that receive earlier connection dates. This would ensure that it is shovel ready projects that receive the earlier connection dates.</p> <p>As an interim step for the existing queue (as stated in CMP434) we would add some additional DNO criteria to facilitate acceleration of projects that offer benefit to the distribution network. These should be projects that are flagged by the DNOs which would offer a reduction in constraints at a particular location and should be accelerated ahead of others adding to constraints.</p> <p>We would like to see some further justification on the proposed self-certification approach given that DNOs currently review evidence for every stage of the current ENA milestone for their long-contracted queues. Our concern is false mis-use of this certification and a potential backwards step from a DNO governance perspective. The ESO would only need to check the direct Transmission customers in any case. Adopting a self-certification approach for gate 2 could compromise the key instrument aimed at reducing the transmission queue.</p> <p>In relation to Queue Management Milestones, forward-facing milestones will likely create extra bureaucracy for all parties and will further burden an overloaded planning system, leading to further delays. Milestones should be applied flexibly, based upon the proposed connection dates as per the ENA guidance document for DNOs and as per CMP 376 for Transmission connected parties. Having Milestone M1 (submit planning consent) as a forward-facing Milestone could lead to projects having to submit their planning consent before they need to, and therefore could risk planning consent expiring before the project is ready to start construction. If the planning permission were to then expire, the customer may struggle to achieve consent again for the project, which would then require us to re-design our queue.</p> <p>We have concerns in relation to GC0117 (reducing definition of large power station) to potentially 10MW) and the impact that this would have on the Connection Reform project and wider processes.</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>Click or tap here to enter text.</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>
<p>Element 1: Proposed Authority approved methodologies and ESO guidance (see Page 8-10,29)</p>	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>Allows for greater flexibility and less onerous processes where rapid change and agility is needed. It may be necessary that after a trial period, the methodologies are codified. We would also advocate for network companies to propose changes to the methodologies, rather than Ofgem alone.</p>	
<p>Element 3: Clarifying which projects go through the Primary Process (See pages 10-11,29-31)</p>	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>It is important that all customers are treated fairly throughout this process. It may be necessary that in the future, embedded demand is also included in the criteria.</p>	
<p>Element 5: Clarifying any Primary Process differences for customer groups (See pages 11-12,32)</p>	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>We understand that offshore projects have different processes to obtain land and therefore a different process for obtaining land rights is suitable. Everything other than obtaining land rights should be the same for all projects throughout the process.</p>	
<p>Element 8: Longstop Date for Gate 1 Agreements (See pages 12-13, 32-33)</p>	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>We believe the long stop date should be a maximum of 18 months. Whilst projects sitting at gate 1 are not holding capacity with an indicative offer, they can remain there indefinitely – increasing the administration burden and the chances of speculative applications.</p>	
<p>Element 9: Project Designation (See pages 14-15, 33-34)</p>	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>We understand the need for project designation to operate the system effectively. However, in order for this to work, the methodology will need to be clearly defined with no exceptions to prevent a number of projects from trying to fit into this category. In addition to the proposals under element 9, the scope of this section should be expanded further so that DNOs/DSOs can also have the ability to nominate distributed generation schemes to be accelerated (queue position and connection date) that are critical to the network security, system operation and/or</p>	

<p>may reduce network constraints. This would mirror the above policy for transmission and would give the DNOs the opportunity to present projects which the DNO believes meets these criteria to the ESO so that they can be prioritised in the same way as those projects mentioned in element 9.</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 16-21, 34-39)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>In relation to Queue Management Milestones, forward-looking milestones will create extra bureaucracy for all parties and will further burden an overloaded planning system leading to further delays. Milestones should be applied flexibly based upon the proposed connection dates as per the ENA guidance document for DNOs and as per CMP 376 for Transmission connected parties. Having Milestone M1 (submit planning consent) as a forward-facing Milestone could lead to projects having to submit their planning consent before they need to and therefore could risk planning consent expiring before the project is ready to start construction. If the planning permission were to then expire, the customer may struggle to achieve consent again for the project, which would then lead to us having to re-design our queue. This process also increases the financial burden on customers unnecessarily.</p> <p>We also believe there is an opportunity in element 11 to align the allowable change process at DNO level to the allowable change process at transmission level and would welcome the opportunity for this to be explored further.</p> <p>Our position on customers who do not meet the gate 2 criteria would be that they should automatically be considered as a new application once again.</p>	
<p>Element 13: Gate 2 Criteria Evidence Assessment (See pages 22-23, 39-40)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Self-certification of the Gate 2 criteria represents a risk to the whole process and weakens the proposal. The percentage of submissions checked needs to be as close to 100% as possible. We appreciate that it will require more resources however it is the only way to ensure that the process will have maximum impact. NGESO needs to provide clear guidance for developers, DNOs and IDNOs for each part of the process.</p>	
<p>Element 14: Gate 2 Offer and Project Site Location Change (See pages 23-24, 40-41)</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Element 14 adds further complications to the process and could create challenges for projects progressing within the queue. If a Gate 2 location is not appropriate for the project, then the customer would be able to let the offer lapse and apply again. We appreciate that this is not the desired outcome of the process however the proposals in Element 14 would not work against a fluid connections queue.</p>	
<p>Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (See pages 24-25, 41-42)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

	<p>We support the CNDM methodology and the proposal for it to not be codified. After a trial period, it may be optimal for industry frameworks if some elements are codified, ensuring that the timeframe is still conducive to swift implementation.</p>	
	<p>Element 19: Contractual changes (See pages 26-28, 43-46)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>We support how the changes to customer agreements are proposed. We note however that changes to DNO Agreements will also be needed. We therefore need to ensure that the changes to DNO agreements are consistent with the changes proposed at transmission.</p>	
	<p>Element 20: Cut Over arrangements (See page 28, 47)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>We support the need for a cut over period and have been working with the ESO on the transitional arrangements and how they will work for DNO customers. We note that the cut over arrangements for project progressions, BEGAs and BELLAs are not yet defined and encourage early and ongoing engagement between the DNOs and the ESO to ensure this works for all parties.</p>	
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>An interim version of a system benefit prioritisation should be included, rather than the optimum version where Net Zero plans drive the applications, regional caps, application signals to industry.</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> <ul style="list-style-type: none"> - Extra milestone checks – and prioritisation of further readiness based on additional milestones achieved - System benefit prioritisation – flagged by DNOs - Full 100% certification of the Gate 2 criteria - Aligning the T & D processes – including indicative and firm offers, application fees, T&D milestones 	<input checked="" 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 checked="" type="checkbox"/> No
	<p>It is important that all projects are treated in a fair and consistent way. However, as noted under element 9, we believe it would be practical for DNOs to nominate certain schemes for acceleration, dependant on network need and the ability to deliver faster.</p>	

9	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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Depending upon the approach taken with capacity reallocation for DNOs, the Gate 1 and Gate 2 processes would likely give an advantage to smaller projects as they can achieve land rights quicker. This should be seen as a positive - these customers can be ready first so should not be held back.</p>		
<p>The proposal still allows any scheme <1MW to connect without assessment with no changes proposed to this limit. The current proposed approach will allow some Distribution connected projects to apply for Gate 2 sooner than Transmission Connected projects if the Transmission connected projects are required to go through Gate 1.</p>		