

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:	Joe Colebrook	
Company name:	Innova Renewables	
Email address:	Joe@innova.co.uk	
Phone number:	020 3523 9560	
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 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:

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- 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;*
- 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>Objective a) - Project developers are waiting too long to connect, and this is hindering progress to deliver Net Zero. Application windows allow a coordinated network design closely aligned with Electricity System Operators (ESO's) Centralised Strategic Network Plan (CSNP) and that facilitates anticipatory investment to ensure transmission works are delivered efficiently. The structured approach, proposed in the Original, helps the ESO and Transmission Owners (TOs) allocate resources more effectively and manage the connection queue efficiently, thereby fulfilling the obligations imposed by the Act and the Transmission Licence.</p> <p>Objective b) - CMP434 facilitates effective competition by establishing a clear and predictable framework for project connections. The "first ready, first served" model incentivises developers to prepare projects and compete based on their readiness and project viability. This approach ensures that the most viable and strategically aligned projects receive the earliest grid connections, promoting fair competition among developers. By reducing connection date uncertainties and streamlining the connection process, the proposal accelerates the connection of projects and enables a wider range of participants to compete effectively in the generation, supply, sale, distribution, and purchase of electricity.</p> <p>Innova are concerned that the introduction of Designated Projects and the Capacity Reallocation Mechanism (CRM) will reduce the competitiveness of the connections process. It is difficult to know the impact of these processes on competition because the rules are being defined outside of the CUSC.</p> <p>Objective c) – Within the Electricity Regulation, Chapter II – General Rules for the Electricity Market Article 3 clause (q) states ‘market participants shall have a right to obtain access to the transmission networks and distribution networks on objective, transparent and non-discriminatory terms.’ Innova is concerned that the introduction of Element 9 Project Designation, creates discriminatory terms and therefore may not comply with the Electricity Regulation. Innova recommends the Proposer seeks legal advice to confirm if Project Designation complies with the Electricity Regulation.</p> <p>Objective d) - CMP434 promotes efficiency in the implementation and administration of the Connections Use of Systems Codes (CUSC) arrangements</p>		

	<p>by introducing a more structured and predictable connection process. Moving all connections in the existing connections queue to the gated process, as per CMP434, allows for coordinated design work and provides clear milestones for project developers. This structured approach minimises administrative burdens and enables more effective planning and resource allocation. By aligning the connection process with strategic network planning, CMP434 enhances the overall efficiency of the CUSC arrangements, ensuring that projects are assessed, approved, and delivered in a timely and orderly manner.</p>	
2	<p>Do you support the proposed implementation approach? (See page- 57-58)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>Innova supports the proposed implementation approach including the introduction of Transitional Arrangements for new applications from 7th August 2024 and for Modification applications thereafter.</p> <p>Innova supports the Cutover arrangements but highlights our concerns about the implementation approach for CMP434, as CMP435 cannot be implemented before CMP434 is implemented. Please see Innova's response to Question 2 in the CMP434 consultation for details.</p>	
3	<p>Do you have any other comments?</p> <p>Discrimination Created by the Capacity Reallocation Mechanism (CRM) In addition to Innova's response in CMP434, Innova has significant concerns regarding the lack of clear rules for the CRM and its potential to create discrimination against projects in the existing connection queue. This could lead to a loss of investor confidence and financial instability for projects relying on predictable and fair connection timelines.</p> <p>Innova has fundamental concerns with bias and discrimination being introduced into the connections process via the Methodologies which will be governed by a different process and importantly with different objectives. Innova are concerned the ESO will subjectively favour specific technologies and effectively choose the winners, this may be due to unconscious bias and incorrect assumptions made about the ability for specific technologies or companies to deliver. Allowing the ESO to favour specific technologies will reduce competition in connections and potentially impact GBs ability to meet Net Zero.</p> <p>To mitigate these concerns, Innova strongly recommends that the following measures be implemented:</p> <ol style="list-style-type: none"> 1. Detailed codification of CRM rules 2. Transparent decision-making process 3. Regular reviews and adjustments 	

	<p>Time Constraints and Modification Applications Innova is concerned about the limited time available for Users to comprehend the full scope of the CMP435 modification and to submit a modification application that meets the Gate 2 criteria by 31st Jan, and therefore allow the project to be included in the first Gate 2 assessment. To mitigate this issue, Innova proposes that projects in the existing queue should have the option to reduce their Transmission Entry Capacity (TEC), Connection Entry Capacity (CEC), or Demand as part of their Self Declaration Letter for Gate 2. This flexibility should be available exclusively to projects with existing contracted connections i.e. CMP435, allowing them to comply with the new criteria.</p> <p>Hybrid Agreement for Staged Projects Innova strongly supports the adoption of a hybrid agreement for staged projects. This arrangement would enable projects with multiple stages of a project to receive appropriate connection offers: one or more stages could be given a Gate 1 offer, and one or more stages could be given a Gate 2 offer, while all stages share the same connection point. This approach is essential for the efficient progression of complex projects through their various development phases.</p>	
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input checked="" type="checkbox"/> No
	Innova do not wish to raise an Alternative for CMP435.	

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>	
	Element 1: Proposed Authority approved methodologies and ESO guidance (see Page 8-10,29)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	Please see Innova's CMP434 response to Question 5 Element 1 for a detailed response.	

<p>In addition to Innova's response in CMP434, Innova has significant concerns regarding the lack of clear rules for the Capacity Reallocation Mechanism (CRM) and its potential to create discrimination against projects in the existing connection queue. This could lead to a loss of investor confidence and financial instability for projects relying on predictable and fair connection timelines.</p> <p>Without detailed and transparent rules governing CRM, there is a substantial risk that the process will not be applied uniformly, potentially leading to biased outcomes against certain projects, including those that are well-progressed but not yet at the final stages of readiness. Innova are concerned the ESO will subjectively favour specific technologies and effectively choose the winners, this may be due to unconscious bias and incorrect assumptions made about the ability for specific technologies or companies to deliver. Allowing the ESO to favour specific technologies will reduce competition in connections and potentially impact Great Britain's ability to meet Net Zero.</p> <p>To mitigate these concerns, Innova strongly recommends that the following measures be implemented:</p> <ol style="list-style-type: none"> Detailed Codification of CRM Rules: Clearly define the rules and criteria for capacity reallocation to ensure that all projects, regardless of their position in the queue, are treated equitably. Transparent Decision-Making Process: Establish a transparent process for decision-making related to CRM, including stakeholder consultations and a robust appeals mechanism. Regular Reviews and Adjustments: Implement regular reviews of the CRM process to identify and address any instances of discrimination or unfair treatment promptly. 	
Element 3: Clarifying which projects go through the Primary Process (See pages 10-11,29-31)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Please see Innova's CMP434 response to Question 5 Element 3 for a detailed response. Innova agrees with the proposals in Element 3 for CMP435 and has no further comments.	
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 see Innova's CMP434 response to Question 5 Element 5 for a detailed response. Innova agrees with the proposals in Element 5 for CMP435 and has no further comments.	
Element 8: Longstop Date for Gate 1 Agreements (See pages 12-13, 32-33)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Please see Innova's CMP434 response to Question 5 Element 8 for a detailed response. Innova agrees with the proposals in Element 8 for CMP435 and believes it is important the long-stop date is forward calculated from the date the	

Gate 1 offer is accepted and would not support it being back-dated from the date the original connection offer was accepted.	
Element 9: Project Designation (See pages 14-15, 33-34)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>Element 9 will give the ESO the power to accelerate the queue position (and therefore connection date) of designated projects, in line with the provisions in the proposed Gate 2 Criteria Methodology and proposed CNDM Methodology.</p> <p>All connection offers for projects in the existing connection queue will be reopened and reassessed as part of the reforms being implemented in CMP435. Therefore, the ESO could promote any project (subject to the criteria and Methodologies) to the front of the queue which may mean allocating a Point of Connections (bay) and Capacity that was previously reserved for another project under the existing connections process. The Proposer has not given sufficient assurances that Project Designation will not have a detrimental impact on the connection offer of any other projects.</p> <p>Without clarity on the CNDM Methodology and Project Designation Methodology, it is impossible for Innova to understand the impact of Element 9 and we are concerned about how the ESO may favour specific projects or companies and therefore create a discriminatory connections process. Innova are concerned the ESO will subjectively favour specific technologies and effectively choose the winners, this may be due to unconscious bias and incorrect assumptions made about the ability for specific technologies or companies to deliver. Allowing the ESO to favour specific technologies will reduce competition in connections and potentially impact GBs ability to meet Net Zero.</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)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Please see Innova's CMP434 response to Question 5 Element 11 for a detailed response. Innova agrees with the proposals in Element 11 for CMP435 and has no further comments.	
Element 13: Gate 2 Criteria Evidence Assessment (See pages 22-23, 39-40)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Please see Innova's CMP434 response to Question 5 Element 13 for a detailed response. Innova agrees with the proposals in Element 13 for CMP435.</p> <p>Innova agrees that it will be efficient for the Self Declaration Letter to include the request for advancement of the connection date.</p> <p>Innova believes it would be impossible to check for duplications if they are checking evidence of less than 100% of the projects. If the ESO is planning to check less than 100% of projects, then there is a high probability duplication which exists will not be found. Innova believe the ESO should rely on the Director Self Declaration and would expect the industry to highlight to the ESO where they believe a User has not declared a duplication. For every duplication, there will be</p>	

<p>two parties impacted and it is very unlikely that both parties feel it is acceptable to mislead the ESO.</p> <p>All land or Property rights must be registered with the HM Land Registry. If the ESO is required to check 100% of the land options evidence for duplication, then Innova would recommend using publicly available data from the HM Land Registry (with a 12-month delay to allow for HM Land Registry administration). ESO should explore Artificial Intelligence tools to enable checks on 100% of the land options evidence.</p>	
<p>Element 14: Gate 2 Offer and Project Site Location Change (See pages 23-24, 40-41)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Please see Innova's CMP434 response to Question 5 Element 14 for a detailed response. Innova agrees with the proposals in Element 14 for CMP435 and has no further comments.</p>	
<p>Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (See pages 24-25, 41-42)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Please see Innova's CMP434 response to Question 5 Element 16 for a detailed response.</p> <p>Innova agrees with the introduction of the concept of CNDM but believes the criteria and rules for the CRM should be codified in the CUSC.</p> <p>Innova has fundamental concerns with bias and discrimination being introduced into the connections process via the Methodologies which will be governed by a different process and importantly with different objectives and believe it could reduce the competition in connections.</p>	
<p>Element 19: Contractual changes (See pages 26-28, 43-46)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Innova provides the following comments and recommendations concerning the contractual changes proposed under Element 19 of CMP435:</p> <p>1. Issuing an Agreement to Vary (ATV) for Each Offer</p> <p>Innova believes that the contractual changes would be more effectively implemented by issuing an Agreement to Vary (ATV) for each individual offer, rather than applying a blanket legal front end. This approach ensures greater clarity and precision for each connection offer, addressing the specific needs and circumstances of individual projects more accurately.</p> <p>For example, some connections may need to have the Transmission (enabling) Works in their offer revised to reflect the changes in the queue, even though they have not asked for a connection date advancement.</p> <p>2. Time Constraints and Modification Applications</p> <p>Innova is concerned about the limited time available for Users to comprehend the full scope of the CMP435 modification and to submit a modification application that meets the Gate 2 criteria. To mitigate this issue, Innova proposes that projects in the existing queue should have the option to reduce their Transmission Entry</p>	

	<p>Capacity (TEC), Connection Entry Capacity (CEC), or Demand as part of their Self Declaration Letter for Gate 2. This flexibility should be available exclusively to projects with existing contracted connections i.e. CMP435, allowing them to comply with the new criteria without an impossible deadline.</p> <p>3. Hybrid Agreement for Staged Projects Innova strongly supports the adoption of a hybrid agreement for staged projects. This arrangement would enable projects with multiple stages of a project to receive appropriate connection offers: one or more stages could be given a Gate 1 offer, and one or more stages could be given a Gate 2 offer, while all stages share the same connection point. This approach is essential for the efficient progression of complex projects through their various development phases.</p> <p>4. Application of Securities and Liabilities Innova agrees that Securities and Liabilities should apply to Gate 2 offers as outlined in Section 15 of the Connection and Use of System Code (CUSC). For projects that receive a Gate 1 offer, Securities and Liabilities should not apply, and any necessary refunds should be provided 28 days after the end of the current security period when CMP435 is implemented (if CMP435 is implemented on 1st Jan 2025 then this would be 29th April 2025).</p>	
	<p>Element 20: Cut Over arrangements (See page 28, 47)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>Innova agrees with the proposals in Element 14 for CMP435 and has no further comments.</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>Innova believes Element 9 Project Designation should not be part of the CMP435 solution. Please see Innova's response to Question 5 Element 9 for CMP435 and the response to Question 6 for CMP434 for a detailed response.</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
	<p>Innova does not believe any features are missing in the proposed CMP435 solution.</p>	
8	<p>Do you believe any groups of projects should be exempt from the scope of CMP435 or from some elements of the proposed</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

	<p>solution? If so, please advise on which groups and elements and provide rationale to why.</p> <p>Innova does not believe any projects should be exempt from the scope of CMP435 or some elements of the proposed solution.</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> <p>Offshore wind and interconnectors are given an advantage within the connections process. As detailed in Element 5, the ESO will reserve a connection point and connection capacity for Interconnectors and Offshore Hybrid Users at Gate 1, which will discriminate against other technologies competing for the same Connection Point and network capacity, although Innova believes this is justified to protect the offshore network coordinated design.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>