

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:	Alice Varney	
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Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input 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 checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> D
<p>Overall, Getlink strongly supports the continuing work by the ESO, Ofgem and the Code Modification working groups to improve the connection process in GB. More specifically Getlink support the broad principles of the original TMO4 and TMO4+ proposals, in particular the potential to remove non-progressing projects and advance the connection dates of viable projects within the connection queue as provided for within the 2-gate approach.</p> <p>We believe that the Code Modification Workgroup proposal acts to build upon these principles and develop a fuller solution which considers the practicalities of implementing the reform along with the specific impacts on different technology types. To this end the Workgroup Proposal better facilitates the Applicable Objectives than the Original Proposal.</p>		
2	Do you support the proposed implementation approach? (See page- 57-58)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Getlink broadly supports the proposed implementation approach. However, it must be recognised that the outlined timelines are very ambitious and leave little room for delays within the market consultation and Authority approval processes. Consideration needs to therefore be made on how any such delays to the implementation date will not only impact the reform process but also projects which are within the existing queue/ progressing through the current connection process.</p> <p>We have already seen that the high degree of focus on the Connection Reform has had detrimental impacts on projects currently progressing through the existing GB connection process with some mechanisms (such as the CION process) being replaced without the introduction of replacements frustrating the connection process for the impacted projects. The implementation approach for the Connection Reform must be designed to ensure that delays to the timescales do not lead to any further disruption for the existing queue or progressing connection applications. Indeed, we do not see a reason for the current connection application process to have changed and therefore should remain clearly defined and in place until such a point as the new process is formally implemented.</p> <p>Clear guidance and communication throughout the implementation of the Connection Reform will also be critical, especially to the developers of new projects. Due to the extent</p>		

	<p>of the change, it can be difficult for those not actively involved in the reform or connecting for the first time to understand the implications of the proposals. Ofgem and the ESO must ensure that simple and concise communication is used to prevent any projects getting lost through the transition, all old guidance relating to the existing connection process must also be archived in a timely manner to prevent any confusion.</p>	
3	<p>Do you have any other comments?</p> <p>N/A</p>	
4	<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>N/A</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>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
	<p>Getlink supports the subject matters identified as requiring further methodologies. Getlink also strongly advocates the need for market consultation and Authority approval given the significant material impacts associated with these methodologies. However, market consultation is only effective when there is sufficient knowledge across the industry to meaningfully engage with the consultation. As such we support defined requirements for stakeholder engagement on the methodologies prior to market consultation.</p> <p>Additionally, whilst market consultation is important prior to the implementation of the methodologies there needs to be a mechanism established to allow these documents to be continuously reviewed ensuring that they remain fit for purpose. We would therefore also support the introduction of ongoing review periods for the methodology documents whereby the market can be re-consulted and Authority approval sought at regular intervals.</p> <p>Getlink would also welcome the opportunity for industry engagement feedback on the guidance documents at least at the point which they are introduced. Whilst we recognise</p>	

<p>that this feedback may not follow the same formal consultation and Authority approval process as the methodologies, industry input is still critical due to the potential impact of the guidance documents and the lack of a route to review or comment on these documents within the current drafting.</p>	
<p>Element 3: Clarifying which projects go through the Primary Process (See pages 10-11,29-31)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Getlink agrees with the projects which are outlined to go through the Primary Process (including those within the contracted queue) and the proposed deviations to the Primary Process as drafted within the Working Group consultation. We do however note that this drafting represents significant changes to these deviations, in particular the arrangements in place for interconnectors and OHAs.</p> <p>We welcome the work that has been conducted by the ESO and the industry to develop amendments to the Reform proposals which capture the unique nature of these projects, and we strongly support the arrangements as proposed within the consultation. Without these amendments the proposed Reform would create unnecessary delays and costs for new OHA or interconnector projects (due to the point of connection being the primary driver for the location of assets and therefore land purchase) and would lead to barriers in the development of this technology type.</p>	
<p>Element 5: Clarifying any Primary Process differences for customer groups (See pages 11-12,32)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Please see the response to Question 5 Element 3.</p>	
<p>Element 8: Longstop Date for Gate 1 Agreements (See pages 12-13, 32-33)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Getlink supports the introduction of Longstop Dates across all Gate 1 agreements and all technology types but recognises that the time period associated with the Longstop Date may need to vary by technology type. If Longstop Dates must be introduced on a technology agnostic basis 3 years, as contained within the Working Group Consultation, seems to be a reasonable period.</p> <p>We also welcome the potential for an extension to this Longstop Date at the discretion of the ESO as outlined in the drafting, however we would support further information on the mechanics of this extension process and a route to contest a potential decision from the ESO not to extend a Longstop Date. The decision making process for an extension should avoid the requirement for an individual’s opinion to mitigate the perception of potential bias (especially if there are competing projects for grid capacity). Therefore, we support terms being objectively defined as part of the relevant documentation.</p> <p>Getlink also supports the proposal that Longstop Dates for projects within the contracted queue which fail to meet the Gate 2 criteria by the date at which the project becomes akin to a Gate 1 contract (indicated as 31st January 2025 for CMP435) commence from that date and no earlier. Given the scale and pace of change within the Connection Reform it is unreasonable to assume that developers of projects which have submitted connection applications in the preceding months/ years would be sufficiently aware of the proposed changes to ensure that Gate 2 requirements would be met on time if the Longstop Date was to apply to the period when Gate 1 criteria was first met. To ensure that the goal posts do not keep moving for these projects and to prevent those projects which have</p>	

<p>recently submitted connection applications from unfair discrimination the commencement of Longstop Dates from the date at which the contacts become akin to a Gate 1 contract (indicated as 31st January) will be essential.</p>	
<p>Element 9: Project Designation (See pages 14-15, 33-34)</p>	<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p>
<p>Getlink understands that the ESO already has available to it similar powers which allow for the prioritisation of certain connection applications. We would therefore express concern with any extension of such powers without a comprehensive dedicated review (which cannot be achieved through this consultation or the Connection Reform process due to the tight timescales) due to the potential for perceived subjectivity and exploitation through this mechanism.</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 checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p>
<p>Getlink broadly supports the Gate 2 criteria as outlined within Element 11. We would however like to take this opportunity to re-emphasise that the proposed Gate 2 criteria is only appropriate for interconnectors and OHAs as a result of the deviations outlined within Element 5. We do also question the broad stroke applicability of minimum operational timescales of 20 years to any option agreement as the lifecycle of a project will vary significantly across technologies. We believe it would be more appropriate for this figure to be technology specific, for instance 15 years may be more in line with industry norms.</p> <p>Getlink supports the adjustments to Element 11 to ensure that projects within the contracted queue which have already signed option agreements or have surpassed the M1 milestone are not required to comply with the minimum option length requirements. As outlined earlier in our response it is not reasonable to assume that all project developers (especially smaller or new to market developers) to have been sufficiently aware of the Connection Reform proposals to ensure that their option agreements complied with the minimum option length, especially as these elements are yet to receive Authority approval. In line with our remarks on Element 8, this change is essential to ensure that the goalposts do not continue to move for these projects and that recent connection applications are not unfairly discriminated against.</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>It is difficult to comment on the viability of the Gate 2 Criteria Evidence Assessment without confirmation on the percentage of projects which will receive full sample checks. We would welcome further clarification from this topic from the ESO.</p>	
<p>Element 14: Gate 2 Offer and Project Site Location Change (See pages 23-24, 40-41)</p>	<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/>No</p>
<p>Getlink supports the principle outlined within this element and believe that it is realistic for projects to be allowed to change their location if they receive a different connection point to the one that they requested through the Gate 2 process. We do however note that the 12-month process in which to identify and secure land rights/options for a new Project Site Location may be unreasonably tight for certain technology types.</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>Please see the response to Question 5 Element 1.</p>	
<p>Element 19: Contractual changes (See pages 26-28, 43-46)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Getlink agrees with the main principles contained within Element 19 on contractual changes understanding that the “natural allocation” of projects into four groups as a prudent approach to applying the Gate 1 and Gate 2 principles to the contracted queue. We also strongly support that the principles regarding deviations to the primary process are proposed to be upheld through the contracted queue, specifically that where contracted interconnector and OHA projects receive a Gate 1 agreement their connection point and connection date remain firm. By upholding these principles the drafting ensures that contracted projects are not at a disadvantage to new projects and that any potential circular land issues specific to these technology types continue to be addressed through the deviations proposed in CMP434.</p> <p>We would however like to highlight one complexity within this approach. Within CMP434 it is assumed that the economic assessment on the point of connection which is required for regulatory applications by GB interconnector/OHA is conducted through the Gate 1 process. However, within the existing process this economic assessment is instead undertaken after the original connection agreement is signed. Given the timescales associated with such an assessment there is a risk that there will be contracted interconnector/OHA projects which have met the Gate 1 requirements and have received a confirmed connection point and connection date through their transition to a Gate 1 agreement but without an economic assessment being conducted/ completed on this point of connection.</p> <p>As this economic assessment is required by GB regulation this assessment will need to be conducted post Gate 1 (outside of the primary process) and may lead to potential changes to the connection point and connection date through its conclusion. In these cases it would not be feasible for the duration of the Longstop Dates to start from the period at which the project’s agreement becomes akin to a Gate 1 agreement as the risk of a change in connection point will prevent the purchase of land options required to deliver against the Gate 2 requirements. Instead, the Longstop Date duration should only commence once the economic assessment has been concluded and any future changes to the connection point ruled out.</p>	
<p>Element 20: Cut Over arrangements (See page 28, 47)</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Getlink broadly supports and understands the logic by which the cutover and transitional arrangements have been developed. Though, as outlined with our response to Question 2 the early implementation of mechanisms contained within the Connection Reform (prior to approval from the authority) is already leading to detrimental impacts on those projects which are currently progressing through the existing connection process.</p> <p>Careful consideration needs to be given to ensure that similar disruption is avoided through the transitional process/ cut over arrangements. As a result of the short period for which the transitional arrangements are proposed to be in force the benefits gained from</p>	

	<p>this early application will be limited and easily outweighed by any unforeseen consequences on current applications. Due to the potential for knock on impacts and the volume of work required to eliminate any such risks Getlink wishes to express concern over the timeline proposed by the ESO for the introduction of such transitional arrangements (7th August 2024).</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>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
	<p>N/A</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>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>In line with our response to Question 5 Element 19 we believe there are certain edge cases which have not been fully considered by the current consultation drafting. We propose that the ESO must introduce flexibility into the implementation for such projects.</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 solution? If so, please advise on which groups and elements and provide rationale to why.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
	<p>N/A</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><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
	<p>Following the adjustments to the deviations from the Primary Process (specifically the amendments relevant to OHA and interconnector projects) and the upholding of these deviations through the application to contracted projects which have not yet met the Gate 2 criteria, we do not foresee any duly or unduly discrimination against any technology type as a result of the proposed Gate 1 and Gate 2 processes.</p>	