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## Code Administrator 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@nationalenergyso.com](mailto:cusc.team@nationalenergyso.com) by **5pm GMT on 26 November 2024**. Please note that any responses received after the deadline or sent to a different email address will not be accepted.

Please be aware that late responses will not be accepted.

If you have any queries on the content of this consultation, please contact [elana.byrne@nationalenergyso.com](mailto:elana.byrne@nationalenergyso.com) and [catia.gomes@nationalenergyso.com](mailto:catia.gomes@nationalenergyso.com) or [cusc.team@nationalenergyso.com](mailto:cusc.team@nationalenergyso.com)

Respondent details	Please enter your details	
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<b>Which best describes your organisation?</b>	<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 type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input checked="" 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 Panel or the industry for further consideration*)

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**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.*

**Please express your views in the right-hand side of the table below, including your rationale.**

Standard Code Administrator Consultation questions		
1	Please provide your assessment for the proposed solution(s) against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution(s) better facilitates:
		Original <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		WACM1 <input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input type="checkbox"/> d
		As the Transmission Owner responsible for building and maintaining network infrastructure in England and Wales, we believe that the timely delivery of definitive Connections Reform sits on the critical path to realising the Government’s ambition for Clean Power by 2030 (CP2030).  It is only by reducing and reordering the connections pipeline, through the combined lenses of readiness and strategic need, that we will be able to determine the full extent of the enabling works required to achieve our clean energy targets.  Doing this will, in turn, unlock the full potential of our ambitious RII0-T3 business plans, providing the assurance that we require to invest strategically in our network, ahead of need, whilst also providing our

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	<p>customers with greater certainty surrounding their connection location and project timescales.</p> <p><b>Assessment of the Original proposal</b></p> <p>The original CMP435 solution delivers the minimum necessary changes to CUSC to apply the new TMO4+ arrangements (as introduced by CMP434) to the existing contracted background.</p> <p>Applying TMO4+ to the existing queue is a vital step to ensure that the full benefits of Connection Reform can be realised to address the underlying defect. However, as we flag later in our response, there is a significant volume of complexity and workload required to do this.</p> <p>Regarding the assessment of applicable objectives, CMP435 will better facilitate effective competition (objective B) by ensuring consistent treatment of existing applicants alongside the entry of new applicants via CMP434 – particularly via project red-line boundary requirements plus assessments of project readiness and system need prior to firm connection offers being made at Gate 2.</p> <p>This in turn better supports the ability of the network licensees to predict and deliver on customer requirements for timely, efficient, and economic connections to our network.</p> <p>With additional intervention by the NESO (e.g. Queue Management; Project Designation) to ensure allocated network capacity continues to be utilised where customer projects cannot progress, these proposals should better ensure effective outcomes for the benefit of all stakeholders, including end consumers (objective A).</p> <p>We assess objectives C and D as neutral.</p> <p><b><u>Assessment of alternative proposals</u></b></p> <p>WACM1 provides benefits compared to the baseline by deriving substantively from the NESO Original. It might also potentially improve effective competition (objective b) by prompting developers to better consider the future of their projects following the processing of NESO pre-assessment checks.</p>
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		<p>However, these benefits are currently theoretical and rely heavily on anticipated developer behaviour which cannot be accurately foreseen ahead of CMP435 implementation. It is also unclear to us whether the time lost to temporarily pause the TMO4+ application window timeline, as well as the associated administrative burden for NESO, could offset any of these theoretical benefits.</p>
2	Do you have a preferred proposed solution?	<p><input checked="" type="checkbox"/> Original</p> <p><input type="checkbox"/> WACM1</p> <p><input type="checkbox"/> Baseline</p> <p><input type="checkbox"/> No preference</p>
		<p>As flagged above, the Original proposal provides the most efficient route to resolve the underlying defect.</p>
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
		<p>We support swift approval by the Authority of the package of TMO4+ proposals to provide the network licensees the tools to manage the new and existing queue as quickly as possible.</p> <p>We do however have significant reservations over the ambition and timescales anticipated by NESO for recalibrating the contracted background via CMP435 and an approved Connection Network Design Methodology (CNDM).</p> <p>The volume of existing projects, which is anticipated to be rationalised by applying the Gate 2 criteria methodology, will still likely be significant in number for NESO/TO reassessment at go-live, particularly in England and Wales where the bulk of developer applications are typically targeted.</p> <p>The NESO therefore needs to work collaboratively with the network companies to quantify the full extent of the effort required for system design studies, network deliverability assessments, and associated reissue of</p>

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		<p>updated customer contracts (including any developer requests for advancement) prior to go-live. This work will hopefully identify routes to make the processing of re-offers more efficient, e.g. batching, prioritisation, or staggering of work.</p> <p>As per our response to CMP434, we are clear that there should be no overlap between recalibrating/re-offering the existing connections queue via CMP435 and the convening of new application windows via CMP434. To do so would create unnecessary ambiguity for the network design processes undertaken by TOs and DNOs, which in turn could reduce the quality of future connection offers in response to new customer applications.</p> <p><b>Interactions with STC</b></p> <p>The CMP435 proposals are dependent on consequential changes made to the STC Procedures (STCPs). This ensures effective interactions between NESO and Transmission Owners (TOs) to discharge the totality of updated obligations introduced by the TMO4+ proposals.</p> <p>We are wary that the proposed drafting for the STCP changes is yet to be shared by NESO. Consequently, a full assessment of the impact of the policy changes needed to deliver CMP435 are unclear to us at this stage. This is not desirable given the significance of these modifications and the volume of work we anticipate needed to implement them.</p> <p>We trust that NESO will bring forward these STCP changes before the end of 2024 and will work collaboratively with the TOs under appropriate governance to agree solutions at Panel in a timely manner which efficiently facilitate implementation of CMP434, CMP435 and CM095 (if approved).</p>
4	Do you have any other comments?	The code modification proposals are only part of the jigsaw to deliver the full benefits of Connection Reform.

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		<p>They rely on supporting methodologies being in place, as well as adjustments to wider arrangements and ways of working, to guarantee a successful go-live.</p> <p>The key enablers in our view include:</p> <p><b>A robust and enforceable Gate 2 offer criteria methodology</b> which not only factors project readiness, but the need for the project in the context of credible strategic energy policy direction (e.g. Clean Power 2030), which will evolve in a foreseeable manner for all industry stakeholders.</p> <p><b>Successful implementation of the reformed arrangements to the existing connections queue (via CMP435) prior to convening new application windows.</b> As mentioned above, the network licensees must be given sufficient time to restudy and recalibrate the contracted background via CNDM following application of the Gate 2 criteria methodology (as above) to the existing queue, as well as the same downstream considerations for embedded projects. Developers must also be given time to understand any changes to the scope of works or Completion Dates in their revised agreements prior to signature. In our view, this must all occur successfully before additional projects are allowed to apply for the first time to join the newly 'reformed' contracted background via a new application window.</p> <p><b>Strong post-offer Queue Management enforcement by NESO.</b> The implementation of fixed project milestones via CMP376 was to ensure that the projects allocated firm capacity progress as anticipated to completion, or have their projects reasonably terminated to enable others to take their place to de-risk transmission network investments. We believe this is even more important in the world of TMO4+, where capacity allocation is much more formalised setting stronger investment signals to TOs. Where customer project progression stalls, there must be swift intervention by NESO to terminate projects and substitute to ensure that end consumer-funded works</p>
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		<p>remain economic and efficient. The NESO's financial instruments proposals also have a role to play here.</p> <p><b>Clear direction for TO investment from strategic energy plans and Price Controls.</b> Whilst the Clean Power 2030 report marks a positive step forward to coordinate future energy planning, the direct interactions with TMO4+, the Gate 2 criteria and CNDM methodologies, alongside our T3 business plans already in development, present a risk of misalignment to SSEP in future as well as the tCSNP2 refresh.</p> <p>We have expressed previously our ambition to build more capacity ahead of specific customer need to enable the efficient connection of customers. Without clear strategic alignment, the potential lack of clarity opens the possibility that we would have to revisit investments to connect customer projects considered 'firm' under TMO4+, which also presents a stranded investment risk for us.</p> <p>We do understand that our current view of the future network may change post CP2030 / Connection Reform implementation. Until such time that longer term certainty is established, we ask that Ofgem consider a more flexible approach to delivering the required network infrastructure to enable customer connections in the context of TMO4+ roll-out and reflect this within their RIIO T3 determinations</p>
5	<p>Do you agree with the Workgroup's assessment that the modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>