

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	
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Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network <input type="checkbox"/> 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 type="checkbox"/> D
<p>The Original Proposal set out in the consultation document has the potential to better facilitate the Applicable Objectives when compared to the present approach. However, Ocean Winds is concerned that there are challenges to some of the elements proposed and that significant aspects (such as the Gate 2 Criteria Methodology and Connections Network Design Methodology (CNDM)) have not be addressed. Ocean Winds believes that the Original Solution has the following impact against the Applicable Objectives:</p> <p>A – Positive: Increasing the requirements to enter the connections queue and be provided with a confirmed connection date and location will reduce the number of speculative applications entering the queue. This should have the wider consequence of removing barriers to entry and enhancing market efficiency by allowing first ready projects greater market access. Facilitating access to the market should bring positive benefits in the more efficient delivery of Government policies related to Net Zero, national security of energy supplies and should ultimately facilitate tangible reductions in costs to electricity bill payers. This solution will therefore enable the ESO to more effectively discharge its obligations. However, Ocean Winds remains to be convinced that the introduction of application windows is consistent with allowing a coordinated network design and will have the desired effect of facilitating anticipatory investment. This concern stems there being no evidence of the Holistic Network Design (HND) process undertaken by the ESO delivering 2030 connection dates for in-scope projects, and that coordinated network design presented in the HND has subsequently been modified to radial connections.</p> <p>B – Positive: Delivering quicker connections and removing barriers to market entry for viable projects will help to facilitate competition in generation of electricity.</p> <p>C – Neutral.</p> <p>D – Negative: The Original Proposal relies significantly on methodology documents for implementation that will sit outside of the CUSC. This dilutes the content of the CUSC and means that key processes that will have a significant impact on Users (such as the proposed “capacity reallocation” process) remain unclear and will sit outside of the CUSC governance process. This is of concern for Ocean Winds, and we suggest that the contents of these documents are brought before industry for input once the information is available.</p>			

2	Do you support the proposed implementation approach? (See page- 57-58)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Yes, however the answer needs to be caveated by noting that the proposed timescales for issue and acceptance of the updated Gate 2 offers places significant uncertainty on Users. Users are currently in a state of “limbo” and will be for well over a year until the Gate 2 to Whole Queue process concludes.</p> <p>There should be an obligation on ESO to provide the Gate 2 agreements within certain timescales to prevent ongoing uncertainty for developers. The post-Holistic Network Design (HND)/HND Follow Up Exercise (HNDFUE) Agreements to Vary (AtVs) have suffered from ongoing and protracted delays because the licenced timescales did not apply.</p> <p>It is important that new Gate 1 applications should only be assessed once Gate 2 offers have been issued.</p> <p>The lack of clarity in the implementation approach related to methodologies for offshore projects is a significant concern. For example, no definitive timeline has been suggested by the Workgroup on the achievement of Milestone M1, initiating planning/consent applications, for offshore projects. From Ocean Winds’ perspective, a period of 24-36 months is the minimum that should be under consideration for this timeline, beyond Gate 2 offer acceptance, given the complexities of offshore EIA data gathering, and allowing for seasonality and weather dependencies.</p> <p>Ocean Winds also notes the significant concern from the CMP434 Workgroup that the proposed approach and timelines could cause issues with projects with connection dates far into the future. This is due to requirements for associated large-scale reinforcements – with consequential risks and costs to developers against such an uncertain strategic grid reinforcement delivery background.</p> <p>Ocean Winds would echo the CMP434 Workgroup request to the Proposer to share its analysis on timelines from Gate 2 offer acceptance to M1 (consent submission milestone), including its implications for projects with dates extending far into the future.</p>		
3	<p>Do you have any other comments?</p> <p>It is unclear how ESO intends to deal with any ScotWind projects that have not had their post-HND/HNDFUE update offers. Some of these projects may still have “holding offers” at the time of implementation, and we suggest further clarity be given on these cases.</p> <p>Ocean Winds notes that the Workgroup has highlighted the absence of an impact assessment to provide greater quantification of the benefits arising from implementing CMP435. Ocean Winds shares the Workgroup desire that the ESO needs to demonstrate what impacts and reduction the proposed modifications are expected to have on the existing queue before any modifications are implemented,</p>	

	<p>to ensure that the desired outcome is realised. The ESO has stated in seminars that they expect these proposals to halve the size of the existing queue – this should be demonstrated.</p> <p>The ESO issued questionnaires to all Users to determine if they would meet Gate 2 criteria. Following the recent publication of this analysis, there is insufficient evidence to suggest that this 50% reduction will be achieved. The only evidence provided by the RFI is that 7% of distribution and 21% of transmission confirm they don't meet Gate 2 and will thus be removed from the queue. Ocean Winds is concerned that the queue reduction target central to this proposal will be unmet by through the current approach.</p> <p>Once Gate 2 criteria has been applied to the existing queue, Ocean Winds is of the view that the list of current ASTI projects should be reassessed to ensure it will continue to enable the delivery of 2030 targets, with consideration given to the possibility of assigning other transmission network reinforcements ASTI status where necessary.</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>

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 type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>
<p>It appears that the Proposer has included the use of Authority-approved methodologies and ESO guidance to minimise the changes that need to be included in CMP434 and implemented through the CUSC modification process.</p>		

<p>While Ocean Winds can appreciate that having methodology sit outside the CUSC allows it to be revised in shorter timescales, Ocean Winds considers that the Gate 2 criteria and elements of the Connections Network Design Methodology (CNDM) (for example the new “capacity reallocation” process) will have such a significant impact on Users they should be codified and subject to standard CUSC governance.</p> <p>If the Authority agrees with the Authority-approved methodologies approach, it is critical that a formal governance process is applied to ensure that Users are adequately consulted. The governance process should allow Users to provide suggested modifications to the ESO/TOs for improvements to the methodologies.</p>	
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
<p>The application of Gate 1 criteria to offshore wind farms is not clear since the option of the Crown Estate or Crown Estate Scotland submitting the Gate 1 application has been removed from the proposed solution. The proposed solution does not make it clear how an offshore wind farm developer can submit a Gate 1 application because details of the “Letter of Authority (LoA) equivalent” for offshore have not been provided.</p>	
Element 5: Clarifying any Primary Process differences for customer groups (See pages 11-12,32)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>“Yes” answered on the basis that the proposed “Letter of Authority (LoA) equivalent” is an acceptable solution. Details of this have not been provided in the consultation document. An explanation of the proposed “Letter of Authority (LoA) equivalent” should be provided in the final Workgroup report to allow industry to comment on the proposals.</p> <p>Additionally, this element does not appear to consider any mechanism for the Crown Estate/ Crown Estate Scotland to request provisions for future offshore leasing rounds to be considered under Gate 1. This appears short-sighted as for future offshore leasing rounds it will either lead to multiple individual prospective projects submitting Gate 1 applications for a single potential lease area (as has happened in the past) or would prevent any offshore projects being considered in the Gate 1 coordinated design exercise.</p>	
Element 8: Longstop Date for Gate 1 Agreements (See pages 12-13, 32-33)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Click or tap here to enter text.</p>	
Element 9: Project Designation (See pages 14-15, 33-34)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>The Project Designation Methodology has not been written and consulted upon, and therefore it is not possible to provide a considered view on this.</p>	

The Project Designation Methodology should include an obligation on the ESO to publish a list of all designated projects providing justification for the designation.	
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>While Ocean Winds broadly supports the introduction of a forward-looking milestone for planning consent application submission (M1), there is not sufficient detail provided in the Workgroup consultation to allow us to comment on the potential impact of the proposed changes on offshore wind farm development, as the consultation says, “No definitive timescale provided for Offshore at this stage within the Proposal.”</p> <p>One key challenge identified in relation to the Gate 2 criteria process is that an offshore wind farm developer would need to trigger Gate 2 prior to knowing its confirmed connection date and would therefore be committing to submitting its planning consent application within X years (yet to be defined by the Proposer). For example, if the confirmed connection date is 10 years in the future, it may therefore not be practical for the developer to submit its planning consent application within X years because planning consent may then expire before construction would commence to meet the connection date.</p> <p>The consultation document on page 37 states, “The Proposer confirmed that the connection dates offered, at Gate 2, to developers may be later than the indicative connection dates that were provided, at Gate 1, to those same developers.” This means that the developer has limited information on which it can commit to timescales for submitting its planning consent application. This results in a stalemated situation for offshore wind and potentially other technologies with long delivery programmes. The developer needs to know its confirmed connection date to determine when it should commence environmental surveys and define its planning consent application submission date. This reality is misaligned with the proposed solution, which seeks to require the developer to commit to a planning consent application submission date before knowing its confirmed connection date.</p> <p>To resolve this, a potential solution would be to define the standard timescales for a forward-looking M1 milestone for offshore in the Gate 2 Criteria Methodology but then allow the ESO and User to bilaterally negotiate the forward-looking M1 milestone if the confirmed connection date is more than Y years in the future. The date for the forward-looking M1 milestone would then be negotiated and agreed during the “Gate 2 Customer Acceptances” period prior to the offer being accepted/rejected.</p>	
Element 13: Gate 2 Criteria Evidence Assessment (See pages 22-23, 39-40)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

The Gate 2 Criteria Evidence Assessment will be set out in the Gate 2 Criteria Methodology, which has not been presented for consultation, therefore it is not possible to provide a considered view on this.

The criteria listed in the consultation document is onshore-focused. It would be helpful if the final Workgroup report explains what offshore projects are required to provide to fulfil the evidence assessment. It would seem reasonable that the ESO should be able to undertake duplication checks for 100% of red line boundaries. The Gate 2 Criteria Methodology can require all Users to submit their red line boundaries in shapefile (or other format suitable for use in a geographical information system) so that the ESO (or party that it nominates) can undertake duplication checks.

An additional element for CMP435 is that Users can request to advance their current connection date when submitting their Gate 2 evidence. Ocean Winds is supportive of this approach.

Element 14: Gate 2 Offer and Project Site Location Change (See pages 23-24, 40-41)

☒ Yes
☐ No

Click or tap here to enter text.

Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (See pages 24-25, 41-42)

☐ Yes
☒ No

It appears that the Proposer has included the use of Authority-approved methodologies, such as the Connections Network Design Methodology, to minimise the changes that need to be included in CMP434 and implemented through the CUSC modification process. While Ocean Winds can appreciate that having methodology sit outside the CUSC allows it to be revised in shorter timescales, Ocean Winds consider that elements of the Connections Network Design Methodology (for example the new “capacity reallocation” process) will have such a significant impact on Users they should be codified and subject to standard CUSC governance.

If the Authority agrees with the Authority-approved methodologies approach it is critical that a formal governance process is followed to ensure that Users are consulted and can raise proposed modifications when deficiencies are identified. The interactivity policy may need to be updated to reflect the potential for interactivity at Gate 2. From the information presented in the consultation document it is not clear how Users submitting applications within the same Gate 2 application window will be considered in relation to “queue” order. If the two Users apply in the same Gate 2 application window, have secured land on the same date and want to connect to the same part of the NETS, which User gets priority and the earlier confirmed connection date? Will their Gate 2 applications be considered to be interactive?

	Element 19: Contractual changes (See pages 26-28, 43-46)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>Yes – However, Ocean Wind notes that the proposed timescales for issue and acceptance of the updated Gate 2 offers places significant uncertainty on Users as they are in a state of “limbo” for well over a year until the Gate 2 to Whole Queue process concludes. There should be an obligation on ESO to provide the Gate 2 agreements within certain timescales to prevent ongoing uncertainty for developers. The post-Holistic Network Design (HND)/HND Follow Up Exercise (HNDFUE) Agreements to Vary (AtVs) have suffered from ongoing and protracted delays because the licenced timescales did not apply, creating uncertainty and unfairness for those projects and potentially slowing down development.</p>	
	Element 20: Cut Over arrangements (See page 28, 47)	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>Ocean Winds is unable to provide a definitive yes or no answer on this question due to lack of clarity around if cut over arrangements apply to post-HND/HNDFUE AtVs. The purpose of the cut over arrangements are: “that a cut over period will be introduced to ensure that all projects are in a clear contracted position before the start of the Gate 2 to Whole Queue process/network design activities (and/or the revised primary process under CMP434).”</p> <p>Many ScotWind developers have yet to receive their AtV so may still not have their updated offers in place by 31st Jan 2025.</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)?</p> <p>If yes, please provide supporting justification.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<p>Click or tap here to enter text.</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.</p> <p>If yes, please provide details and justification.</p> <p>Ocean Winds supports allowing Users to request proposed changes via Modification Application at time of submission of the Self-Declaration Letter.</p> <p>Element 13 says, “Within the self-declaration letter, developers can also identify if they wish to advance the current contracted connection date and if so to which connection date, if possible. However, other changes to the contract/project are not</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

	<p>permissible through the Gate 2 to Whole Queue process and must be separately undertaken e.g., by the developer through the Modification Application process (and noting that after the go-live date for CMP434 such change requests could be considered to be Significant Modification Applications)."</p> <p>However, there could be benefit in Users being allowed to make some changes at Gate 2 application, e.g. TEC reductions, as this will help with advancing other projects. An option might be to perhaps exclude TEC increases but allow TEC reductions and changes of connection date.</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>Projects that have reached Final Investment Decision (or equivalent level of project commitment to meet Queue Management milestone M7) and/or started construction should be exempt from the process. If a project is in active delivery and on schedule to meet its connection date, there seems little benefit in putting it through the CMP435 process (in a similar way that CMP376 was only applied to projects whose Completion Date was more than 2 years in the future). This would reduce administrative burden.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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>As was stated on element 20 above - ScotWind developers may be discriminated against because they may not have their post-Holistic Network Design (HND)/HND Follow Up Exercise (HND FUE) Agreements to Vary (AtVs) agreed and signed prior to 31st Jan 2025. To get standard 3-month review and acceptance period, AtVs will need to be issued by end Sept 2024 - based on discussions with NGESO it seems unlikely that the AtVs will be issued by then.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No