

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:	Chris Gent	
Company name:	The Crown Estate	
Email address:	Chris.gent@thecrownestate.co.uk	
Phone number:	Click or tap here to enter text.	
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 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 checked="" 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 type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D Click or tap here to enter text.
2	Do you support the proposed implementation approach? (See page- 57-58)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The Crown Estate supports the prioritisation of projects which are consentable, deliverable and economic, and are aligned to Government's targets and critical to Net Zero. We broadly support the principles of what the outlined implementation approach looks to achieve, to move at pace to implement connection reform in 2025, although we do have concerns about practical deliverability in the tight timescales proposed.</p> <p>We seek to ensure no inadvertent impacts or disadvantage from both the choice of implementation date and gate criteria of CMP434 and CMP435 on critical "in-flight" offshore wind projects that are currently subject to Habitat Regulations Assessment (HRA) processes and live seabed leasing processes being led by The Crown Estate, as explained later in this response, which could represent up to 8.5GW of offshore wind projects that would contribute to decarbonising the electricity system. We would like to seek assurance from ESO that these processes and projects can be safeguarded transitionally during 2025 – particularly in relation to implementation of CMP435 and Gate 2 criteria.</p>
3	Do you have any other comments? Click or tap here to enter text.	
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 Click or tap here to enter text.

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 type="checkbox"/> Yes <input type="checkbox"/> No
	Please see our response to CMP434	
	<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
	Click or tap here to enter text.	
	<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>Please also see our response to CMP434</p> <p>We support the ESO's proposals to reserve capacity and connection point locations for offshore projects for a longstop period given the significant complexities involved in developing offshore projects compared to onshore. All offshore projects should have to evidence their credibility and deliverability of the onshore and offshore scope within that longstop period.</p> <p>The duration of the longstop period is important. If the intention of the longstop date is to genuinely provide a backstop for reserving capacity and connection point locations, expecting normal course of business to reasonably achieve Gate 2 criteria, we could envisage that the longstop period should be longer for offshore projects and that a period of four years should be considered.</p>	
	<p>Element 8: Longstop Date for Gate 1 Agreements (See pages 12-13, 32-33)</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>Please see our response to CMP434.</p> <p>We note the ESO's proposal for a longstop date for fulfilment of Gate 2 criteria three years after Gate 1 offer acceptance. The duration of the longstop period is important. If the intention of the longstop date is to genuinely provide a backstop for reserving capacity and connection point locations, expecting normal course of business to reasonably achieve Gate 2 criteria, we envisage that the longstop period should be longer and that a period of four years should be considered for</p>	

<p>offshore projects given the significant complexities involved in developing offshore projects compared to onshore.</p> <p>We believe that a 4-year longstop period should provide developers of any offshore project enough time to enter into an Agreement for Lease with The Crown Estate subsequent to a Gate 1 offer acceptance.</p>	
Element 9: Project Designation (See pages 14-15, 33-34)	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Please see our response to CMP434.</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 type="checkbox"/> Yes <input type="checkbox"/> No
<p>Please see our response to CMP434</p>	
Element 13: Gate 2 Criteria Evidence Assessment (See pages 22-23, 39-40)	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Please see our response to CMP434</p>	
Element 14: Gate 2 Offer and Project Site Location Change (See pages 23-24, 40-41)	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Click or tap here to enter text.</p>	
Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (See pages 24-25, 41-42)	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Click or tap here to enter text.</p>	
Element 19: Contractual changes (See pages 26-28, 43-46)	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>It is important to note that some smaller offshore energy projects testing and demonstrating technologies at commercial scale are seeking to connect to the distribution network and will have a BEGA with the ESO. This is particularly the case for some of the Floating Wind Test & Demonstration projects. The Crown Estate would be keen to engage with the ESO and the relevant DNOs regarding those projects.</p> <p>We have concerns that affected parties, in particular developers and landowners, will have enough time and resources to be able to react to and enact processes related to the final change proposals. We encourage the ESO and the Authority to consider deliverability in their impact assessment of final recommendations and decisions.</p> <p>We note that 31 January 2025 is the deadline proposed for provision of Gate 2 evidence for current projects. Using Elements 8, 9 and 10, we encourage ESO to safeguard connection capacities and connection point locations for offshore energy projects that are part of leasing or related processes that commenced prior to the final connection reform proposals, are currently ongoing but are expected to conclude in 2025. In particular this consideration should include Offshore Wind</p>	

	<p>Leasing Round 5 and associated HNDFUE connection recommendations, to Floating Wind Test & Demonstration projects and to Habitat Regulations Assessment (HRA) processes that relate to the leasing of Awel y Môr, Dudgeon Extension, Sheringham Shoal Extension, North Falls, Five Estuaries, Rampion 2 and Dogger Bank D offshore wind projects.</p>	
	<p>Element 20: Cut Over arrangements (See page 28, 47)</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>We note the proposed cut over arrangements. We also note that connection offers sent out by 31/12/24 need to be signed by 31/1/25. In making their final proposals, it would be helpful if ESO could provide some case study examples of how the final proposals could affect different parties, and what will happen in practice depending on whether Gate 2 evidence or connection agreements are provided / signed by 31st January 2025 or not.</p> <p>As referenced in our response to Element 19, we would like the ESO to set out which offshore projects will be captured by the application of Elements 8, 9 and 10 in the implementation of CMP434 and CMP435.</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 type="checkbox"/> No</p>
Click or tap here to enter text.		
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 type="checkbox"/> Yes <input type="checkbox"/> No</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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>As explained in other parts of our response we seek to ensure no inadvertent impacts or disadvantage from both the choice of implementation timing and gate criteria on critical “in-flight” offshore wind projects. We encourage ESO to safeguard connection capacities and connection point locations for offshore energy projects that are part of leasing or related processes that commenced prior to the final connection reform proposals, are currently ongoing and are expected to conclude in 2025 during the connection reform implementation period and where the choice of timings. In particular we refer to Offshore Wind Leasing Round 5 and associated HNDFUE connection recommendations, to Floating Wind Test & Demonstration projects, and to Habitat Regulations Assessment (HRA) processes that relate to leasing of the Awel y Môr, Dudgeon Extension, Sheringham Shoal Extension, North Falls, Five Estuaries, Rampion 2 and Dogger Bank D offshore</p>		

	wind projects We look forward to understanding how Elements 8, 9 and 10 can be applied in these circumstances	
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>Please see our response to Q8 and to our response to CMP434</p> <p>We are not convinced that one approach to grid connection, for onshore and offshore energy technologies, continues to be appropriate to transform the energy system in Great Britain to meet the dual challenges of Net Zero and nature recovery. Technologies, development processes, regulation, consenting, land provision, and supply chain processes can differ substantially between offshore and onshore energy projects. In its approach to offshore leasing, TCE considers legislative targets, Government policy objectives, deliverability and system needs to ensure the amount and capacity of projects is suitable. By contrast, the speculative nature of onshore projects has led to capacity oversupply manifested in the connections queue.</p> <p>We understand and fully support the ESO taking action to solve the connection queue. However, this mainly relates to onshore technologies. We would therefore recommend that the Gate 2 to Whole Queue proposals is implemented in the first instance for onshore projects as part of a Minimum Viable Product in 2025, and implemented for offshore projects in a subsequent implementation phase at a later date where necessary.</p> <p>.</p> <p>As we have highlighted elsewhere in our response, we seek to ensure no inadvertent impacts or disadvantage from both the choice of implementation timing and gate criteria on critical “in-flight” offshore wind projects and in particular to ensure that the implementation of CMP435 proposals does not inadvertently affect up to 8.5GW of offshore wind projects that would support decarbonising the electricity system:</p> <p>(1) Offshore Wind Leasing Round 5 in the Celtic Sea (Offshore Wind Leasing Round 5);</p> <p>(2) Floating Wind Test & Demonstration projects;</p> <p>(3) A programme to increase capacity within seabed areas that have been previously granted rights, are not being fully utilised, and may have limited options for alternative uses. (TCE Capacity Increase Programme).</p> <p>The projects under consideration in this capacity increase process are:</p> <p>Awel y Môr</p> <p>Dudgeon Extension</p> <p>Sheringham Shoal Extension</p>	

North Falls

Five Estuaries

Rampion 2

Dogger Bank D

We would wish to ensure that the timescales for implementation of connection reforms in CMP435 (or CMP434) do not inadvertently disadvantage these in-flight processes. Not having such assurances in place could reduce investor confidence in projects, cause extra delays, and potentially push costs upwards.

Finally, we note that the proposals treat Interconnectors and Offshore Hybrid Assets differently from other offshore energy projects. We would expect that an offshore hybrid asset, if linked to an offshore energy project, would need to substantiate land interests in relation to the offshore energy project in the same way as any other directly connected offshore energy project. Also, Interconnector projects need to secure seabed rights from The Crown Estate (in England and Wales Territorial Waters). As a result, we would recommend that all offshore projects in England and Wales are treated similarly at Gate 2, with an Agreement for Lease from The Crown Estate being a common requirement/criteria.