

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:	Greg Stevenson	
Company name:	Scottish Hydro Electric Transmission plc	
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Phone number:	07467 397988	
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 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 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
- 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>A – Positive</p> <p>We agree that the Original Proposal better facilitates the objectives than the baseline. Applying the proposed gated criteria to the current contracted connections queue is a step forward in reforming the National Electricity Transmission System (NETS) by promoting a first ready first connect approach.</p> <p>With the current connections queue forecast to exceed 800GW by the end of 2024, the one-off exercise of applying for Gate 2 to the whole queue via this modification could significantly contribute to the achievement of Net Zero targets. Viable projects in the existing queue that have met Gate 2 criteria will either keep their existing connection date or advance it, therefore providing the potential for some projects to progress their connections at an earlier date.</p> <p>B – Positive</p> <p>The proposal, if approved, will help facilitate effective competition by progressing some readier to connect projects, with potential for an advanced connection date and/or reduced enabling works. The change may also incentivise customers whose projects have been moved to an indicative Gate 1 agreement to secure land rights so they can be progress to Gate 2.</p> <p>As highlighted in our response to CMP434, we have some concerns that the proposed criteria could advantage some types of projects over others. For example, we believe that the proposed approach could enable BESS projects to obtain a queue position sooner than some other project types.</p> <p>To alleviate this issue, we believe there should be a technology aspect in the Gate 2 criteria to ensure we have a balance of the right technology types connecting to the NETS to meet Net Zero targets.</p> <p>C – Neutral</p> <p>D – Positive</p>			

	<p>This proposal will create efficiencies in three main ways: firstly, it will ensure that only projects which are viable remain in the queue; secondly it will ensure that those viable projects are progressing; and thirdly there will be an opportunity for some projects to accelerate their connection date.</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>We generally support the proposed implementation approach, however it is imperative that the detailed design of the process and all ESO Guidance Documents are finalised and published before “go live”. This will ensure that industry knows the exact process to follow for all changes being introduced and associated timescales (eg for submission of evidence of Gate 2). This also includes all the Methodologies that sit outside of the Modifications – Connections Network Design Methodology (CNDM), Gate 2 Methodology and NESO Designation Methodology.</p> <p>Development of a robust Connections Network Design Methodology for assessing existing projects at Gate 2 is integral to the success of this process. In addition, the suite of Connections Reform Modifications cannot be implemented without the relevant changes being made to the Transmission Licence for ESO and TOs, and we are committed to continuing to support work, commencing on this as soon as practicable to ensure a smooth transition into the reformed connections process.</p>	
3	<p>Do you have any other comments?</p> <p>Although we are supportive of this proposal and are committed to working collaboratively to improve the connections process, we do not feel that the proposal goes far enough to resolve the current connections challenges. We are concerned that, based upon the proposed Gate 2 criteria, the benefits of reducing the queue could be short-lived and fail to reflect Net Zero requirements, leading to the need for further change.</p> <p>With this in mind, we believe that the process needs to be aligned with strategic planning. By considering technology-specific requirements aligned to Net Zero targets within the process, this would help ensure the right balance of technologies and support in developing robust investment plan needs at an earlier stage.</p> <p>We are mindful of the ‘Gate 2 to whole queue’ process being a significant change for our customers. Recognising the importance of this exercise, and the potential impact on customers, clear and timely communication by TOs and ESO is vital to ensure this process operates successfully and achieves the right outcomes.</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) <input checked="" type="checkbox"/> No</p>
	<p>Click or tap here to enter text.</p>	

Specific Workgroup Consultation questions

- 5 Do you agree with the elements of the proposed solution for CMP435? *Please note that the application of these elements may be different to [CMP434](#), therefore please answer the questions in respect to CMP435.*

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](#).

Please provide rationale for your answer and any suggestions for improvement to each element?

Element 1: Proposed Authority approved methodologies and ESO guidance (see Page 8-10,29)

☒ Yes
☐ No

We have no further comments beyond what is set out in our response to CMP434.

Element 3: Clarifying which projects go through the Primary Process (See pages 10-11,29-31)

☒ Yes
☐ No

We have no further comments beyond what is set out in our response to CMP434.

Element 5: Clarifying any Primary Process differences for customer groups (See pages 11-12,32)

☒ Yes
☐ No

Yes, we agree with this proposal and with the removal of an Offshore Letter of Authority in these circumstances. We understand why an Offshore Letter of Authority will not be used in these circumstances; we ask ESO to confirm that the same treatment applies in respect of onshore customers.

Element 8: Longstop Date for Gate 1 Agreements (See pages 12-13, 32-33)

☒ Yes
☐ No

Yes, we agree with the proposal for the ESO and DNOs to include Longstop dates, once relevant projects have moved to a Gate 1 offer.

Element 9: Project Designation (See pages 14-15, 33-34)

☒ Yes
☐ No

Please see our response on the ESO's Project Designation proposals detailed in our response to CMP434. Beyond this, we would be keen to understand ESO's plans for Project Designation in the context of Gate 2 to Whole Queue. Use of this Project Designation process at the Gate 2 to Whole Queue assessment period would require early engagement with TOs to ensure clear process, arrangements and communications.

Element 11: Setting out the criteria for demonstrating Gate 2 has been

☒ Yes

achieved and setting out the obligations imposed once Gate 2 has been achieved (See pages 16-21, 34-39)	<input type="checkbox"/> No
<p>As noted in our responses to Element 11 and question 10 in CMP434, the proposed Gate 2 criteria is a useful first step in terms of introducing criteria, but the addition of a technology-specific element would further strengthen the criteria, ensuring that projects entering the connections queue are better aligned to Net Zero targets.</p> <p>We note the proposal to apply the option length requirements from the Authority's Decision Date. We request clarity from ESO on what this will mean in practical terms for customers, as we are concerned that applying a requirement from the decision date (as opposed to the implementation date) gives no time to communicate this requirement to customers and no time for customers to become compliant with the requirement.</p>	
Element 13: Gate 2 Criteria Evidence Assessment (See pages 22-23, 39-40)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>We agree that it is appropriate for ESO/DNO/iDNOs to undertake a validity check of the signatory of each Self-Certification.</p> <p>In terms of Land Registry checks, our strong preference would be for the ESO/DNO/iDNO to check 100% of submissions. If this is not possible, then we urge ESO/DNO/iDNOs to consider how to maximise the volume of checks and to share their approach and rationale, including how any risks will be mitigated, and to keep this under review. This is important to ensure the integrity of the new TMO4+ process.</p> <p>We note ESO's proposal to use this letter as the means for customers to request date advancement under the Gate 2 to Whole Queue process. We question whether this is the appropriate route given that these requests will be treated as modification applications. At this point, we feel that using the existing modification application process is more appropriate, however we welcome further discussion with ESO on this matter.</p> <p>In terms of customers submitting their Gate 2 self-declarations and applying for advancement, we note the indicative process timeline for Gate 2 to Whole Queue shows the 'Gate 2 Self-declaration and Advancement Requests' period beginning immediately after Ofgem's code modification decision. This does not allow ESO and TOs any time (post-Ofgem decision) to communicate with customers regarding this application window. Our preference would be to have a period of time post-decision and pre-implementation where we can communicate definite messages to customers (as any communication we undertake before Ofgem's decision would be uncertain).</p>	

Element 14: Gate 2 Offer and Project Site Location Change (See pages 23-24, 40-41)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>As outlined in our response to CP434, we understand the rationale for this proposal and note ESO's points regarding the limitations and potential take-up of this option.</p> <p>We agree with the proposal to offer this option for customers who have gone through the Transitional Arrangements process and received a Transitional offer (akin to a Gate 1 offer) prior to the implementation of the Connections Reform Code Modifications.</p> <p>Given the complexities and the potential adverse consequences, it needs to be made abundantly clear to customers what it means for them if they opt to take up this option.</p>	
Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (See pages 24-25, 41-42)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We have no further comments beyond what is set out in our response to CMP434</p>	
Element 19: Contractual changes (See pages 26-28, 43-46)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We note that ESO's proposal specifies that customers with Transitional Offers (akin to Gate 1 offers) will make a modification application and pay the associated fee in order to enter the Gate 2 to Whole Queue process. In contrast, we note that ESO's proposal states that customers with existing BAU offers who request connection date advancement will be "treated as a modification application", however it is not specified that a fee will be paid by these customers. As noted in our response to Element 13, we feel it would be more appropriate for these customers to apply for advancement through the modification application process (with an associated fee).</p> <p>We have some concerns that the application of the one-off exercise of applying Gate 2 to the whole queue in a limited timescale and updating contracts will be resource intensive (particularly given the proposal to begin the new TMO4+ process concurrently). It is imperative therefore that ESO continue to work closely with TOs to determine an appropriate and workable implementation/process timeline.</p>	
Element 20: Cut Over arrangements (See page 28, 47)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We agree there is a need for cutover arrangements to allow the ESO and TOs to successfully migrate customers into the new reformed connections process and we will support ESO in the creation of the second phase derogation request (which will include cutover arrangements).</p> <p>We note that if the first phase derogation request is not approved by Ofgem then the proposed cutover arrangements will need to be examined in the context of TOs</p>	

	continuing to produce and send 'full' BAU offers, and the timescales associated with these.	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	At this point, we have no further concerns to raise over and above those outlined in our responses to the individual Elements.	
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>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<p>We believe there should be an additional, technology-based criteria element applied to the existing queue for the Gate 2 element, in line with our response to CMP434. The reason for this is to ensure the technologies that proceed through Gate 2 align with Net Zero targets.</p> <p>We are committed to working with ESO and other industry participants to successfully design and implement these code modifications; through this ongoing engagement we will highlight any omissions which we may identify as discussion progress and details emerge.</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>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	At this point in time, we are satisfied that all groups of projects should be subject to CMP435 and that it is appropriate for all elements to apply. If our view changes (eg as discussions progress and a greater level of detail is agreed), we will seek to identify whether it would be appropriate for any groups to be exempt from all or part of this proposal.	

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
We note that introducing a technology element to the Gate 2 criteria would help to minimise any inherent advantages that some technology types have in terms of achieving the currently proposed criteria.		