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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 cust.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 and catia.gomes@nationalenergyso.com or cust.team@nationalenergyso.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 Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input checked="" 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 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?	<p>Mark the Objectives which you believe the proposed solution(s) better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input checked="" type="checkbox"/>a <input checked="" type="checkbox"/>b <input type="checkbox"/>c <input checked="" type="checkbox"/>d</td> </tr> <tr> <td>WACM1</td> <td><input checked="" type="checkbox"/>a <input checked="" type="checkbox"/>b <input checked="" type="checkbox"/>c <input checked="" type="checkbox"/>d</td> </tr> </table> <p>The proposed solution(s) effectively addresses the growing connection queue by introducing Gate 2 criteria, prioritizing readiness and strategic alignment, and improving efficiency in the queue management.</p>	Original	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d	WACM1	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input checked="" type="checkbox"/> c <input checked="" type="checkbox"/> d
Original	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input type="checkbox"/> c <input checked="" type="checkbox"/> d					
WACM1	<input checked="" type="checkbox"/> a <input checked="" type="checkbox"/> b <input checked="" type="checkbox"/> c <input checked="" type="checkbox"/> d					
2	Do you have a preferred proposed solution?	<p> <input type="checkbox"/>Original <input checked="" type="checkbox"/>WACM1 <input type="checkbox"/>Baseline <input type="checkbox"/>No preference </p> <p>The preferred solution is WACM1, as it builds on the original proposal with key additions that enhance the process. Publishing Gate 2 compliance results introduces much-needed transparency, enabling developers to make better-informed decisions about our projects. Additionally, the 2–4 week reassessment</p>				

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		<p>window allows us to respond strategically to new information, such as technology quotas or regional capacity opportunities, aligning our projects more effectively with system needs.</p> <p>While WACM1 appears to be more complex, its additional flexibility and transparency significantly improve developer confidence. To ensure its success, NESO should provide clear boundaries for what changes are permitted during reassessment and manage this window efficiently to avoid unnecessary delays or gaming of the system.</p> <p>The entire process is creating developers' uncertainty which needs to be resolved at the earliest opportunity.</p>
3	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Yes, the proposed implementation approach seems appropriate. We don't believe an additional fee should be charged for transitional arrangements such that combined fees for the transitional applications through gate 2 shouldn't cost more than a normal application.</p>
4	Do you have any other comments?	<p>While CMP435 is an essential reform, developers must have confidence in how readiness and strategic alignment will be assessed. The criteria for Gate 2 compliance must be objective, clearly defined, and consistently applied to avoid ambiguity and ensure fairness.</p> <p>The reassessment window in WACM1 provides valuable flexibility, but NESO should establish strict safeguards to prevent misuse, such as last-minute adjustments that could unfairly disrupt the queue. Timely communication of results during this period is critical to maintain momentum and avoid project delays.</p>

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	<p>For multi-staged projects, any changes in connection dates or differing outcomes for a technology types will disrupt the entire project and may make the successful element of the project unviable. The process to treat each stage differently needs to be reconsidered to avoid such unintended consequences.</p> <p>It makes sense to have a gated process to remove zombie connections from the over inflated queue but there are differing needs for different technology which might require different approaches. There are reasons why land may not be under option at Gate 2 but if the developer has invested in planning submission then that shows adequate commitment to the project to qualify for gate 2. That rule for DCO projects should be extended to all types of planning.</p> <p>The grid reform approach in CMP434/5 has been open to consultation through the work group and industry but it is the methodologies that are critical to practical implementation. Whilst these are open to consultation now they will not be codified but there is a need to keep under review alongside industry.</p> <p>To avoid a construction hiatus the process should not apply to projects already in construction or reached FID.</p> <p>Connections already accepted to Government support mechanisms such as CFD, CM, HAR should also be excluded from this process to avoid conflicting policy.</p> <p>Whilst there is a clear need for reform to manage the inflated grid connections queue it must be implemented carefully to avoid damage to investor confidence and a continued pipeline of projects. The oversubscription is not applicable to all technologies and so bespoke rules and messaging should be applied to avoid a slowdown in development and construction hiatus inversely affecting the CP2030 generation targets.</p> <p>Successful implementation of Connections reform requires a clear and fair process set out in the methodologies but must also be able to manage</p>
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		unintended consequences from unforeseen connection scenarios, so an escalation / resolution process is critical to keep developed projects in process. There is also a need for the methodologies to be refined as lessons learned. Developers still lack clarity as to regional needs >2031 and by not including any attrition in the phases to 2035 there is an important need to keep developers engaged to backfill the pipeline to deliver longer term SSEP.
5	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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Yes, I agree with the Workgroup's assessment that CMP435 does not directly impact EBR Article 18 terms and conditions.