

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:	Calum Watt	
Company name:	Flotation Energy Ltd	
Email address:	Corporatecomms@flotationenergy.com	
Phone number:	07708394848	
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 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 type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	
We believe the Proposal has the potential to meet the objectives, but requires further consultation and publication of the supporting methodologies to be progressed.			
2	Do you support the proposed implementation approach? (See page- 57-58)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
We are in general support of the proposal, however careful consideration is needed for the transitional arrangements for projects that are “in-Flight” with a Modification Application prior to the implementation. It is not appropriate for these projects to wait for the implementation of Gate 2 assessment which may be late into 2025. Developers should be granted a Grace period to allow necessary modifications to be incorporated into their existing agreements before these changes take place. This would not need to slow down implementation of CMP343/345 and a reduced acceptance period could be granted to allow a settled contracted background to be available by 1 st January 2025.			
3	Do you have any other comments? No		
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input checked="" type="checkbox"/> Yes (the request form can be found in the Workgroup Consultation Section) <input type="checkbox"/> No	
We wish to request a Grace Period be introduced for existing consented projects to ModApp ahead of 1 st January 2025.			

Specific Workgroup Consultation questions

5	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>
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<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 checked="" type="checkbox"/> No
<p>The level of detail on the Methodologies is very limited. Visibility of the key documentation is requested to allow Industry to comment.</p>	
<p>Element 3: Clarifying which projects go through the Primary Process (See pages 10-11,29-31)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>Projects which are currently submitted a ModApp should be allowed to amend contracts ahead of 1st January 2025 without going through the new process. Further clarity is required on the impact of Embedded Demand.</p>	
<p>Element 5: Clarifying any Primary Process differences for customer groups (See pages 11-12,32)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>Further clarity is required on provisions for Offshore Projects. We generally support, but consider that appropriate provisions should be made to allow advanced projects (Consented) to make some changes to amend completion dates or request TEC changes to allow flexibility in generation equipment availability ahead of 1st January 2025.</p>	
<p>Element 8: Longstop Date for Gate 1 Agreements (See pages 12-13, 32-33)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>A “security” commitment or “holding fee” may be a better test of developers securing their connection rather than a set Longstop date which may terminate viable projects that have longer development timescales. This is particularly important as statutory consultees become stretched in the volume of applications they are dealing with.</p>	
<p>Element 9: Project Designation (See pages 14-15, 33-34)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>We support the concept, and it should be used to allow progression and fast tracking of innovative or nationally significant projects. Developers should be allowed to submit proposals for ESO consideration, and a process should be developed to support this.</p>	
<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)</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>Projects that meet Gate 2 criteria and also have consent should be given the opportunity of an earlier connection (if wanted). Otherwise permitted projects can</p>	

	be forced to wait behind other qualifying Gate 2 projects which are just submitted for planning (where permissions could still be 2-5 years away). Opportunity to extend the criteria to ensure projects that are well progressed are not penalised. Relevant to both CMP434 and CMP435.	
	Element 13: Gate 2 Criteria Evidence Assessment (See pages 22-23, 39-40)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	The outline concept is supported and further detail required to fully assess the impact.	
	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
	This is likely to have limited benefit to offshore projects.	
	Element 16: Introducing the proposed Connections Network Design Methodology (CNDM) (See pages 24-25, 41-42)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	A comprehensive CNDM and Gate 2 Criteria are required to fully comment on this.	
	Element 19: Contractual changes (See pages 26-28, 43-46)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	We believe existing consented projects should be allowed an opportunity to ModApp ahead of 1st January 2025 to resolve any contractual issues without being progressed to Gate 1 and Gate 2. If this is not permitted it could have a serious impact on a limited number of projects who required changes ahead of 2025.	
	Element 20: Cut Over arrangements (See page 28, 47)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	We believe existing consented projects should be allowed an opportunity to ModApp ahead of 1st January 2025 to resolve any contractual issues without being progressed to Gate 1 and Gate 2. If this is not permitted it could have a serious impact on a limited number of projects who required changes ahead of 2025.	
6	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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	We believe existing consented projects should be allowed an opportunity to ModApp ahead of 1st January 2025 to resolve any contractual issues without being progressed to Gate 1 and Gate 2. If this is not permitted it could have a serious impact on a limited number of projects who required changes ahead of 2025.	
7	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.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

	<p>If yes, please provide details and justification.</p> <p>We believe existing consented projects should be allowed an opportunity to ModApp ahead of 1st January 2025 to resolve any contractual issues without being progressed to Gate 1 and Gate 2. If this is not permitted it could have a serious impact on a limited number of projects who required changes ahead of 2025.</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>We believe a small number of consented projects which are approaching FID who require changes to the contracted position should be allowed to ModApp ahead of implementation date of CMP43/435.</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>The proposed solution will unduly impact projects which are near to securing route to market which would have otherwise been able to ModApp on typical timescales. Projects which are less progressed as less affected by these changes and can afford the timescale impact of being further assessed through Gate1/Gate 2. Before reaching Financial Investment Decision.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No