

Summary of CION Process Review Consultation Responses

SECTION	Scottish Power Renewables	Statkraft	NorthConnect	National Grid Interconnector Holdings Ltd	Dong Energy	SP Transmission	National Grid's Response
SECTION 1: Introduction				Presumably the interim letter is intended to be superseded by the new CION process in which case the guidance should be amended to clarify this.			The open letter published by National Grid on "Interim NETSO process for the treatment of requests for interconnection to the National Electricity Transmission System" proposed the adoption of CION process for all new applications. This CION process guidance note seeks to provide more clarity and transparency to what the CION process is.
SECTION 2: What is the CION Section 2.1: What is the purpose of the CION? Section 2.2: Who owns the CION?	We would suggest that whilst each party is responsible for their own input to the CION, it cannot be jointly "owned" without a formal signing on of responsibilities, as one party cannot be responsible for another's data. NGET with the SO function in terms of overall coordination must surely be the only logical owner. The relationship in contractual and code framework terms sits squarely with the NETSO from application through construction to completion and	The ownership of the CION document should be transferred to the developer once an offer has been signed, in order to assure the necessary certainty and predictability to progress with the commercial development of these projects.			We believe that developers should be involved early in the CION preparation and suggest that regular meetings are arranged during the preparation of the offer, in order to align developer expectations with NGET activities. This will provide information to the developer in the preparation of their planning consent activities and at the same time allow NGET to collect input parameters from the developers to draft the first version of the CION.		The preparation of CION requires inputs from all the CION parties. According to STCP 18.1 Section 2.1.7, there is an obligation on National Grid towards "coordinating" the inputs from all CION participants. Since each CION party will be responsible for their input into the preparation and development of the CION hence a single CION party cannot take ownership of the CION. National Grid will retain its "coordinating" responsibilities over the CION while the CION

	<p>beyond. Therefore, the design and configuration which is part of this relationship must by default follow the same.</p> <p>We note some concern around whether the CION is discoverable under the Freedom of Information Act in its present form and ask that this is considered in the basis of future structures with regards to ownership</p>						<p>remains jointly owned by the CION parties with a formal procedure of signing off an agreed version developed.</p> <p>National Grid is open to engagement with developers for pre-CION discussions to ensure adequate and timely exchange of information for CION development.</p>
<p>SECTION 3: What is the CION Process</p>	<p>We still have concern over the ability of the SO to deliver offers within 3 months and note that, in our experience, significant pre-application discussions are normally required to establish certain feasibilities. Without this we would expect that either,</p> <p>1) Applications cannot reach technical competence, or</p> <p>2) Extension to the 3 month period will be required. Whilst we note pre-application discussions to be our preference, this does not seem to feature in the process.</p>	<p>Statkraft agrees that the timeframe can remain at three months, taking into account the possibility to extend if required.</p>			<p>The last paragraph in this chapter "<i>The output of the CION...STC agreements</i>" is not clear and we would like its meaning to be clarified.</p>		<p>National Grid acknowledge that development of a CION within the 3 months together with issuing a connection offer is usually a challenge but we are happy to retain the timescale taking in account STCP 18.1 Section 3.3.4 which provide National Grid the avenue to request for extension of the timescale from Ofgem if required.</p> <p>The last paragraph has been be updated according.</p>
<p>SECTION 4: Basic CION Process</p> <p>Section 4.1: Overview</p> <p>Section 4.2: Pre-Offer CION Process</p>		<p>Statkraft request emphasis in the guidance note that option B will be fully available also for offshore generation. By</p>		<p>Section 4.2: In the interests of transparency we propose that all such correspondence should be provided to all CION</p>	<p>We support the proposal of two options for the development of offshore transmission designs and we suggest that, for</p>	<p>It will be useful to include timelines for the pre-offer activities as these needs to follow the TOCA process and this follows a very tight</p>	<p>All inputs (except subjected to any confidentiality clause) provided to National Grid by any CION parties toward the</p>

<p>Section 4.3: Post-Offer Negotiation Section 4.4: Post-Signature CION Process</p>		<p>not allowing offshore generators to supply their input there is a risk that assumptions about concepts and costs related to the offshore transmission infrastructure are not sufficiently addressed, leading to wrong conclusions being made regarding the location of the onshore point of connection, taking due account of all parties concerned.</p> <p>Developer's cost estimates should be favoured in advance of the cost data available in the ETYS.</p>		<p>participants simultaneously (ie not just from TO to NGET). Proposed amended text: <i>"As part of the Pre-Offer CION process, the onshore TO(s) provide all CION parties with the details of the assessed onshore connection points..."</i></p> <p>Option B, second bullet: In addition to contributing to technical appraisal of options, under option B the developer should also be entitled to input its own cost/benefit analysis for use in the CION process. Proposed additional text: <i>"The developer may also provide NGET with cost/benefit analysis related to each transmission design option within the CION, which NGET shall take into account in its overall economic assessment of the options."</i></p> <p>Selection of preferred option: we consider there is a need to head-off / mitigate a potential conflict between GB and EU consumer interests. This could be qualified by the addition of the</p>	<p>option A, NGET engage with the developer, as some information could be provided in terms of equipment costs, etc., to make sure the first draft of the document takes account of the developer inputs.</p> <p>Inputs from developers will also be beneficial in the CBA that NGET will perform in the preparation of the CION. As mentioned at the beginning of this letter, the CBA should be defined based on NGET preferred approach and its methodology described in details in NGET website. This would provide transparency and clarity over NGET approach and ensure developers are in agreement with the proposed methodology.</p> <p>We would recommend that developers are engaged early during the first drafting of the CION, when the grid connection offer is prepared, and meetings between NGET and developers (and other parties if required) should be arranged.</p> <p>Post-signature CION processes are linked to</p>	<p>schedule and a solution need to be agreed through the CION prior to offer issue. Usually the SO issues a project plan for the CION with timelines.</p>	<p>development of the CION will be made available to other CION parties.</p> <p>National Grid will engage with developers if option A was initially adopted in the development of a CION.</p> <p>Option B is fully available to offshore generators (i.e Generator build) and interconnectors. Developers can provide their cost estimates and CBA results to National Grid towards the economic assessment of the connection options to be undertaken by National Grid. NGET will provide CION parties with the result of the economic assessment and the methodology adopted.</p> <p>The current CION does not consider socio-economic welfare benefits for EU consumers as part of its criteria for the selection of the preferred connection option. However, NGET do agree that in the future the European aspect should be included and consider in the CION.</p>
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				<p>following text: <i>“The main objective in selecting the overall preferred connection option is to ensure that the most economic and efficient design connection option is developed for the overall benefit of the Great Britain (GB) consumer, having regard to the overarching requirements of the TEN-E Regulations¹ including the promotion of pan-European net benefit to socio-economic welfare”.</i></p>	<p>the developer intention to modify their connection application. However, we believe that seeking the most efficient and economical connection solutions should be done up to a pre-defined moment during the development of the wind farm.</p>		
<p>SECTION 5: Triggers for the review of the CION process</p>		<p>The list of examples provided for material changes is too open to constitute a good definition of a material trigger.</p> <p>If the process is re-opened due to the occurrence of a material trigger, it would be imperative that all cost commitments and other agreements to date are duly taken into account in the evaluation and in the cost benefit analysis</p>	<p>Our main concern is that the post-signature process transfers considerable risk to the connecting party of "hitting a moving target" in relation to several factors which are outside of their control.</p> <p>We believe the key point here is actually around the consenting risk associated with any change of location and, crucially, the project</p>	<p>Section 5, second bullet: The example used should be rephrased or changes made elsewhere in the guidance to make clear that the generation background(s) to be assessed in CION are not unilaterally imposed by any TO or other party. Rather the generation background(s), the weighting ascribed to them, and any</p>	<p>We disagree with the current definition of triggers for the review of the CION process. In particular, changes of SO and TO assumptions and change to the electricity regulatory framework should not be considered to be triggers for the modification of the CION. Any change of these elements would pose uncontrolled risks to the developers for both the</p>		<p>National Grid acknowledge that there may be potential risk(s) and uncertainties to a project when a CION has to be reopened due to material trigger (s). National Grid is bound by the Modification Process as defined in the CUSC and STCP 18.1 to reassess the CION as part of the modification process if the trigger is deemed material. The modification process can be initiated by any</p>

¹ Regulation (EU) No 347/2013 on guidelines for trans-European energy infrastructure <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:115:0039:0075:EN:PDF>

		<p>to be performed.</p> <p>The process cannot be left open-ended and there needs to be a defined point in time where a line is drawn (point of no return).</p> <p>We suggest that if material changes do occur after this point, an agreement between the involved parties shall be reached before the process is re-opened. If an agreement is not reached, the process should not be re-opened, unless decided so by OFGEM or a similar neutral party.</p>	<p>sponsors' appetite for continuing to fund development work when the goalposts have been, or may be, moved at any point in time under these current proposals. We would make the following suggestions as possible mitigations</p> <p>1) That interconnector connection contracts signed pre-CION and pre-ITPR should be honoured in relation to the connection location, and essentially "Grandfathered" in respect of the material triggers which are beyond the connecting parties' control (the same point can be made with respect to the ITPR consultation around the "Changes in Regulatory frameworks" material trigger).</p> <p>2) That future interconnectors which go through the full pre-signatory process, be given greater protection around the "risk assessment" wording related to the same material triggers.</p>	<p>alterations to them, should be agreed between the CION parties.</p>	<p>wind farm and the offshore transmission assets. Developers need certainty with respect to their connection point to the onshore transmission system and the technology they will use: without certainty, the project could face problems with planning consent authorities and therefore risk to delay with their applications.</p>		<p>of the CION parties and the examples of material changes in the guidance note represent some of the changes that might occur that would necessitate a CION party to initiate a modification process. Each CION party is responsible for the accuracy of their inputs into the CION hence there is an obligation on each CION party to ensure that material change(s) that affect the accuracy of their inputs to the CION are updated through the modification process.</p> <p>As part of the reassessment of the CION during the modification process, National Grid will ensure that all potential risks and uncertainties that will affect the deliverability of the project are eliminated or minimised where practically possible whilst ensuring that the selected connection option is still the most economical and efficient for the GB consumers in accordance to our license obligations.</p> <p>National Grid agree that if the CION parties cannot agree that a change is deemed material for the</p>
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							reassessment of the CION, then the decision should be refer to Ofgem for determination. Ofgem will set its own procedure and timescale on the resolution of this disagreement between the CION parties.
SECTION 6: What criteria are considered in selection of the preferred connection option?	<p>We would propose NGET to expand on the structure of version control and to consider recording the case history around, for example, why options are ruled out.</p> <p>Can we ask that NGET expands on what this is referencing, i.e. sunk costs?/ ability to meet programme? We propose that certain options (less viable perhaps) could have weighted backstop dates whereby they are taken “off the table” and therefore, as time passes, the number of options for review reduces and becomes more refined (or something similar that has the same outcome of removing non-viable options).</p> <p>We note through experience in other projects has required an options appraisal matrix to include cost inputs (we note matrix in</p>			<p>Whilst we recognise the list is not attempting to be exhaustive we consider issues of PCI status and time to market to be particularly relevant for interconnectors and therefore to warrant inclusion. Proposed amended text: “...but also considers the following criteria; environmental impact, deliverability, time to market, technology risk, PCI status, planning and consenting risk.”</p>			<p>Version control on the CION is based on the trigger for the CION reassessment. The CION will document the reason(s) why options were ruled out or parked.</p> <p>During the reassessment of the CION, connection option(s) previously ruled out will be re-evaluated to ensure that the reason(s) for been ruled out, parked or discounted are still valid and these connection options are still economical and efficiently non-viable.</p> <p>The additional texts on the criteria for selection of a preferred connection option have been added.</p>

	<p>template). Whilst this is likely to be bespoke to each project, we suggest that a process should include for agreement of the structure of such a document to be made and perhaps standing items could be suggested for inclusion.</p>						
<p>SECTION 7: Do we “freeze” the CION?</p>	<p>We would ask for NGET to recognise and consider that as part of the FID process there is an inherent CION “freeze” given the version used at that time.</p>	<p>Freezing the process once a connection offer has been signed by the developer, and only allow for re-opening of the process if an agreement is reached between the parties that substantial changes have occurred.</p> <p>Suggested maximum of three months after the signing of connection offer for the validation of initial offered connection location.</p>			<p>The CION should be frozen at the point of submission of planning consent for the project to avoid adding risks and uncertainties to NGET's and developer's design, procurement and construction phases.</p> <p>Projects need certainty to apply for planning consent for their offshore transmission assets and therefore need to know where the connection should be made to. Moreover, when the project reaches a certain level of development, e.g. planning consent submission or grant, any change of onshore connection point or technology will only mean a delay, add risk and uncertainty, and, ultimately, jeopardise the entire project. Therefore, we would recommend to set up a timescale for the completion of the CION</p>		<p>National Grid is bound by its obligations in the CUSC and STCP 18.1 to reassess the CION as part of the modification process. NGET in its “coordinating” role may continue to revise the CION until there is no further enhancement of benefit to the GB end consumer.</p> <p>National Grid isn’t able to agree to a timescale to “freeze” the CION because of National Grid’s obligation to relevant sections of CUSC and STCP 18.1 that mandate the need for a CION reassessment. During the reassessment of CION, we will ensure no additional risks and uncertainties where practically possible will hinder the development and deliverability of the project.</p>

					which freezes the document when a specified milestone is achieved. In our opinion this should be the submission of key planning consent.		
SECTION 8: What happens if parties do not agree with the preferred connection option?		Recommend that the guidance note elaborate what the framework for Ofgem’s possible involvement would be, the legal status for their involvement, possible timelines and more.	Strongly support the referral to Ofgem for resolution of disputes in light of potential investment risks for the developer.				National Grid agrees with the referral to Ofgem. Ofgem will set its own procedures and timelines for the resolution of this dispute.
SECTION 9: How can coordinated / integrated offers be treated as part of the CION process?	The CION guidance note puts an obligation on parties to participate in the assessment of coordinated / integrated options. However, the section then notes that clarity on how this can be treated will be provided following publication of Ofgem’s ITPR proposals. We have concerns about the potential impact of assessing coordinated/ integrated options on an individual project’s development / programme and would require visibility of this following the ITPR conclusions before welcoming the inclusion of this requirement in the CION.			Section 9: The assurance statement should be widened to embrace all aspects of confidential / sensitive information. Proposed amended text: “...NGET shall coordinate the completion of the CION so as to respect the confidentiality and non-disclosure undertakings associated with confidential or commercially sensitive information that it received from CION parties. For example NGET will only provide summary cost information to the other parties, while keeping detailed unit cost information for individual parties confidential.”			National Grid propose this process towards assessing coordinated / integrated options in meanwhile before the publication of Ofgem’s ITPR initial and final draft conclusions in order to take advantage of the potential wider network benefits associated with the coordination / integration of projects. National Grid acknowledges that there might be potential impact on each individual project therefore we are willing to work closely with each developer to minimise any risk and delay. This process will be updated to align with Ofgem’s ITPR final draft conclusions on the treatment of coordinated / integrated projects.

							The proposed amended text was adopted.
SECTION 10: The interim Interconnector Connection Application Guidance							
SECTION 11: What existing legal obligations support the CION Process?	The function of a CION in the STC should be maintained and utilised to collaborate between transmission licence holders, predominantly with respect to onshore investment where TOs are identified as Affected Parties and where a developer is not directly involved as a self-build party.					It is also worth mentioning that the CION process has been used by SPT/NGET to develop cross license connections and it has proved to be a useful tool.	National Grid agrees with the comments expressed.
APPENDIX A: The CION Process Chart	Could NGET provide examples against each of the drivers for changes to assumptions at the top of the chart?	<p>Make involvement of Ofgem clearer</p> <p>Include the developer of offshore generation in the chart</p> <p>Coordinated/integrated offers should be visible in the flow charts</p> <p>The framework related to the extension for the application is unclear.</p>		The orange Developer swim lane should be amended to reflect that the developer is entitled to contribute cost benefit analysis & data into the CION process in addition to technical, environmental, planning and deliverability Information.			The CION process flow chart has been updated accordingly to reflect all the comments adopted by National Grid.
APPENDIX B: The CION Template	Table in Section 4 – Stage 3: Overall economic assessment... We suggest that there is transparency required around this. For example, who is affected by ENS? And, what are such costs based on? Such			Page 1, Application Steering Group Members: The template should be extended to incorporate an additional field for the potential participation of the NETSO in the partner country at the other end			The CION template is found in Appendix B2 of STCP 18.1. Any update to the CION template will be initiated by a STC modification proposal to STCP 18.1. This isn't within the scope of this CION process review. The guidance note provides clarity and

	<p>information should be published or available in some form. With respect to this section, we note that operational costs have not been included in previous assessments</p> <p>Page 7 – Common Assumptions for Options (13th bullet). We suggest that this statement is not true and is contrary to any assessment of optioneering where key components are fluid. The economics MUST be considered to include changes to include sunk costs. Otherwise there is a risk that the final solution was not the most economic overall, i.e. the capital costs in such a case cannot be considered in isolation. Equally, the programme MUST be considered in a benefit analysis as typically reverting to another ‘longer’ option which could incur more running costs and be less financially viable/beneficial.</p> <p>Definition of Discounted in Appendix A on page 16 – Note that an option can be discounted after it has been demonstrated sufficiently that it is not</p>			<p>of the interconnector link in question.</p> <p>Page 5 Purpose of CION: And Page 6, Stages 2 and 3: Proposed amended text: <i>“...CION will consider the total life costs and benefits – assessing both the capital and projected operational costs and benefits...detailed assessments which take into account...deliverability, construction complexity, land issues, consents, technology, costs, benefits, and environmental issues.”</i></p> <p>Page 7, Bullet list of common assumptions for options: “Harmonic Studies... We propose this should not represent the default status-quo. Instead the starting point should be that NGET performs such analysis and studies as are necessary during the connections process in order to give the connectee a definitive set of terms for connection that do not contain unspecified risks and uncertainties over factors which the developer is</p>			<p>transparency to the CION process as it currently applies. However, comments are noted and the CION template will be updated following subsequent modification to STCP 18.1.</p>
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	<p>technically feasible to implement. We believe it should be possible to discount options for reasons such as significantly high consent risk, lack of land, etc. If it is assumed to be “technically feasible” to build anything, it might not be technically practicable, or the most economical solution. By using the definition provided it could be extremely difficult to take options off the table that are clearly not deliverable.</p>			<p>not best placed to manage.</p> <p>Page 7, bullet list of common assumptions for options. <i>“No consideration in the analysis has been given to developer sunk costs with respect to the X connection option,...</i></p> <p>We disagree with the inclusion of this bullet as a common assumption. We note that many interconnectors are Project of Common Interest which are to be expedited according to the TEN-E Regulations. Accordingly it is highly relevant that the CION analysis should actively consider PCI implementation plans, the priority status of PCIs within permit granting procedures, the sunk costs incurred by the developer and any funds allocated and disbursed to the Project of Common Interest by the European Commission.</p> <p>Page 11, Section 4 – Stage 3: Overall economic and efficient options appraisal The table and the</p>			
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				<p>description should be amended to make it clear that the costs <i>and benefits</i> will be assessed including inputs to these that have been provided into the CION process by the Developer.</p> <p>Page 16, Appendix C – Cost Benefit Analysis (CBA) Methodology. This appendix should be expanded considerably to clarify the categories of costs and benefits that are to be studied, the methods to be used and the period over which analysis will be performed. For example: In relation to categories of cost/benefit within scope this could include energy market, capacity market, security of supply, balancing services – each one of these could involve different modelling techniques. In relation to the modelling methods this might include both market and network modelling for both GB and the interconnected energy markets. In relation to the period for analysis – will each forecast year of operation be modelled discretely or just snapshots, say every 5</p>			
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				years? What cardinal points & weighting will be used to define a representative year of operation?			
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