

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP197

Name of Organisation(s) / individual(s):
National Grid Interconnector Holdings Ltd

Date Submitted:
11 November 2016

Type of Change:

- Amendment
- Addition
- Revoke
- Substitution

If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to:

The proposer is unaware of any similar amendment

Proposal summary (short summary, suitable for published description on our website)

Requirements for planning consents for new build interconnectors

What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number):

This proposal relates to Rule 3.7.1(a) and the definition of "Relevant Planning Consents"

Description of the issue that the change proposal seeks to address:

Under the current Capacity market arrangements applicants must make a declaration, in accordance with Rule 3.7.1(a), that Relevant Planning Consents will be obtained by no later than 22 Working Days prior to the first Bidding Window of the Auction in order to prequalify for the T-4 auction. To provide the Planning Consent Declaration the Applicant must make a declaration to the Delivery Body that Planning Consents have been achieved and provide a directors certificate confirming that they are able to make this declaration. It is a requirement that the relevant planning consents are also provided alongside the declaration and directors certificate. It should be clarified that only publically available documents and decisions should accompany the declaration. Under the definition of "Relevant Planning Consents" it states; (h) in the case of an Interconnector CMU, the corresponding consents under the law of another country or territory required for the construction of the Non-GB Part This is difficult for potential applicants who operate, or are partly owned, by European partners. In the UK planners only require outline planning consents to commence construction activities of a new build interconnector. With European partners, depending on the local legislation requirements and the Contractor's ability to finalise detailed design (surveys, electrical models etc), planning consents are only approved when the final design is complete (eg in Belgium, Building Permits must contain the final design as no further deviation is allowed without restarting the permit process. This can take up to a year to prepare).

If applicable, please state the proposed revised drafting *(please highlight the change):*

•We acknowledge that it would be difficult to obtain certainty over the delivery of projects in the T-4 auction without full planning consents (both GB and Non GB), but would also argue that it is extremely difficult in some circumstances to obtain full planning consents 4 years in advance of operation for shorter connections (for example NEMO has a construction lead time of three years), especially with European partners. •We would like to put forward the proposal to amend the provisions of the Financial Completion Milestone (FCM) 16 months after auction results day, as outlined in Rule 6.6, to include the requirement for final planning consents for new build interconnectors – therefore extending the length of time required to obtain all relevant planning consents. •In order for new build interconnectors to progress through prequalification to the FCM (and to provide assurance to the Delivery Body that the project will be developed) we would suggest that credit cover be lodged in addition to any Independent Technical Expert (ITE) report or other credit cover. Amend Rule 6.6 to include a requirement for new build interconnectors to provide all relevant planning consents (both GB and Non GB). Amend Rule 3.7.1(a) as follows; (a) Each Applicant for a New Build CMU must declare in the Application: (i) that, in the case of an Application relating to the First Full Capacity Auction or the Second Full Capacity Auction, it will obtain all Relevant Planning Consents and will have the Legal Right to use the land on which the CMU is, or will be, located by no later than 16 months after the Auction Results Day for the Capacity Auction in respect of which the Capacity Agreement was awarded

Analysis and evidence on the impact on industry and/or consumers including any risks to note when making the revision - including, any potential implications for industry codes:

Prospective interconnector capacity may not be able to participate in the prequalification process and corresponding auction due to the requirement for final planning consents four years in advance of the delivery year, even if it would be operational by the delivery year. The requirements to submit final planning consents four years in advance of operation may have a bearing on how many new build interconnectors choose to participate in the T-4 process in order to prequalify

Details of Proposer *(please include name, telephone number, email and organisation):*

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