

NGESO IMPLEMENTATION OF QUEUE MANAGEMENT METHODOLOGY IN RELATION TO CONNECTION TO THE GB ELECTRICITY TRANSMISSION

28th February 2022

We are writing to provide an update on the ESO implementation of Queue Management in Transmission connection Agreements

We worked with the Energy Network Association (ENA) and other industry organisations in the development of the Queue Management User Guide which was released in July 2021, and which was followed by an initial implementation of the new Queue Management Process to the Transmission connection agreements in September 2021 in parallel with the process for CUSC modification to introduce Queue Management to the Code.

ESO firmly believes that Queue Management is the right thing to do for the industry and is a key concept in being able to successfully deliver the energy transition required. Having engaged with the industry on the Queue Management implementation and reviewed this new process in more detail, we have concluded that the process needs to be more robust before continuing to implement such a significant and important change to ESO Transmission connection agreements.

ESO Customers are also supportive and believe in the need to introduce Queue Management, however there are a number of issues that they have raised since the initial implementation of Queue Management clauses in Transmission connection agreements, the key ones being;

Lack of Targeted Industry Engagement – although the proposed methodology was consulted on through the ENA, the overwhelming sentiment from ESO Customers is that this consultation was not far-reaching enough and not targeted at customers connecting at a transmission level, so they were not fully engaged in or prepared for this change.

Appropriateness of Milestones – ESO customers have indicated that while the milestones provided on the ENA Open Networks Queue Management Guidance were found to be suitable for small-scale distribution connected projects, these however are unachievable for larger scale investments normally associated with Transmission connected Projects. Feedback has been particularly focussed on the early milestones regarding consenting and achieving Final Investment Decision (FID).

Methodology not in CUSC – a significant number of ESO customers have expressed their concern that implementation of Queue Management was progressed before a CUSC Modification had been carried out. As such, the CUSC Modification proposal review process is happening in parallel to the interim introduction of Queue Management to the connection agreements, leading to some hesitance for ESO Customers in signing the offers, which have been issued.

There are also some practical issues in continuing to implement this change now:

Impact of CUSC Working Group – the working group set up as part of the CUSC modification process would like to suggest amendments that will make the methodology suitable and more realistic for transmission level projects. The outcome of the CUSC modification process is therefore likely to include changes to the existing approach and methodology. The current Queue Management terms in the existing Transmission connection agreements would therefore need to be amended to reflect the outcome of the CUSC modification,.

Need for Agreed Processes – there has been a significant amount of work carried out between the ESO and TO parties to consider and get the relevant clauses into TOCOs and Transmission connection agreements, but the detailed process beyond this in terms of milestone management, visibility of milestones, formal notices, dispute resolution amongst others require further work as these don't form part of ENA Open Networks Queue Management Guidance.

Customer Feedback – the vast majority of ESO customers who have received Transmission connection agreements which include provision for Queue Management have raised their issues and concerns. The number of queries and requests for further information or clarity are becoming more increasingly difficult to manage given they come at the same time as an of unprecedented workload in terms of number of transmission connections offers to be made.

Given the above, and whilst we remain focused and supportive that Queue Management is required for Transmission connection offers, the ESO believes that a “pause” on Queue Management is the best approach at this time. Transmission Owners have been engaged in and informed of this decision.

In terms of a way forward therefore the ESO will:

- From the 28th of February 2022, not include the Queue Management clauses and associated appendices in Transmission connection agreements. The future introduction of Queue Management clauses and associated appendices will be dependent, both in terms of content and timeline, on the outcome of CUSC Modification process.
- For Transmission Connection agreements that have already been signed and which include the Queue Management clauses, we shall issue a letter to affected customers within the next 15 working days stating that those clauses will not be relied on/activated and will be removed at the earliest opportunity.
- For any Transmission Offer currently in flight/out for signature, the change to the Transmission Connection agreements shall be made, if possible, prior to the offer being made/accepted.

Also, as per the discussion at CUSC Panel on the 25th of February 2022, we are going to put our proposal on CMP376 on hold for now. We will then through our ESO Customer Connections Team undertake some industry engagement as follows to inform our proposal, in particular to:

- Engage with the wider industry during March, to obtain further feedback on the approach to Queue Management for Connections to the GB Transmission System.
- Develop a Queue Management proposal and CUSC drafting to support the CMP376 proposal informed by the feedback received from Customers and wider industry, whilst continuously engaging with GB Transmission Owners throughout the development process.
- Engage with wider industry to share the revised Queue Management approach, for review and feedback in June, ly.
- This aim would then be to share this with the CUSC Working Group in July and resume the CMP376 process in August 2022.

We, ESO Customer Connections Team, shall then focus our efforts on working with the Customers, wider industry, ESO Code Change Team, CUSC Working Group and TOs to enable development and successful implementation of the Queue Management Code Modification which we believe supports the delivery of the energy transition.

Yours faithfully



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ELECTRICITY CUSTOMER CONNECTIONS SENIOR MANAGER

**FOR AND ON BEHALF OF
NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED**