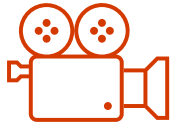


You have joined in listen only
mode with your camera turned off

Queue Management Webinar

27 July 2022

House Keeping



We will be Recording today's session



We hope to enable obtain feedback



Everyone has joined in listen only mode, please ask all questions on Sli.do



Questions that we are not able to get too we will pick up with customers directly

We will be using Sli.do today for audience participation

We want to ensure this session is as interactive as possible and there will be opportunities to provide feedback and vote on areas of the proposal.

You can download the Sli.do app or access it at Sli.do.com. Please use code **#QM22** to access the polls for this session.

Please ask questions on sli.do, we will be answering the most popular questions first so please like any questions that you would like answering

History of 'Queue Management' (QM) policy development

Electricity distribution and transmission companies collaborated in developing the policy

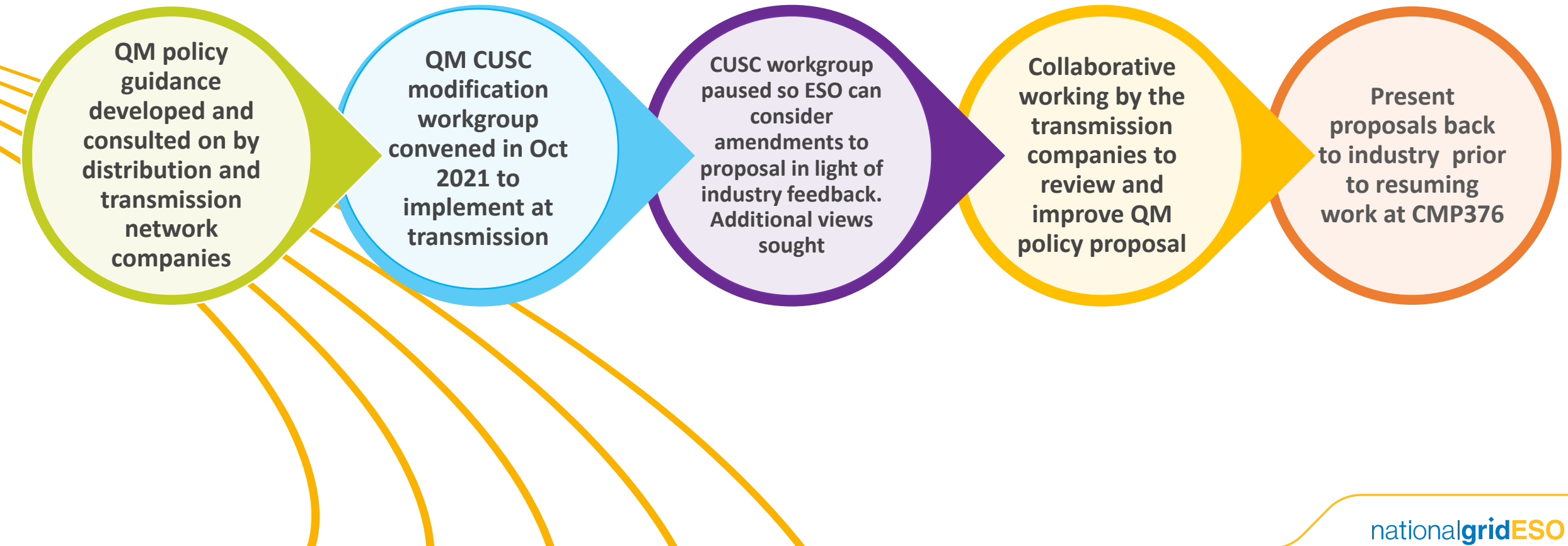
Ensuring, network capacity allocated to developers is fully utilised, particularly with the transition to net zero in mind

Network investment to facilitate User connections remains economic and efficient, minimising the impact of connections investment on end consumer bills

Strong commercial drivers are set so that developers keep their projects on track (in support of the two objectives above)

- A proposal to better manage connection queues was therefore developed and consulted on with industry in 2019 and 2020.
- Distribution network owners (DNOs) then implemented this QM approach in July 2021. The ESO determined that elements of CUSC would need to be modified to enable implementation at transmission. CMP376 was therefore raised to do this in Q3 2021.

Queue Management (QM) - Progress



Response to feedback – Changes taken forward

“Tolerance periods and cumulative delay proposals are confusing”		Tolerance periods have been removed with adjustments made to milestone durations. This also removes the need for a cumulative delay process
“Milestones do not cater for seasonality or challenges obtaining planning”		Timescales have been amended to reflect a number of factors, including the longer lead times and seasonality in relation to planning consents.
“Referencing milestones against Offer date makes it difficult for us to sequence our development activities”		The timescales now run backwards from Connection Date
“The use of connection voltages to tier milestone compliance durations is arbitrary”		We are proposing to tier milestone durations based on the lead time for project connection. This removes any risk of undue discrimination by technology or connection voltage.

Response to feedback – Changes not taken forward

“The evidence to demonstrate compliance needs to be clear/consistent in each TO region”



The proposed evidence for each milestone has been reviewed and remains sufficient in our view. Further evolution may occur in the workgroup though.

“The appeals process will need to be extended to cater for QM”



We are happy with the current appeals process as defined in agreements and the current CUSC disputes process. We will work with industry to remove any subjectivity in the QM policy, limiting the need for appeals/disputes.

“We don’t believe you need a Project Construction milestone”



Until User construction works commence substantially, there are still risks to TO investment (e.g. Users develop projects to then sell). This milestone will therefore be retained.

Updated Transmission Milestones Proposal

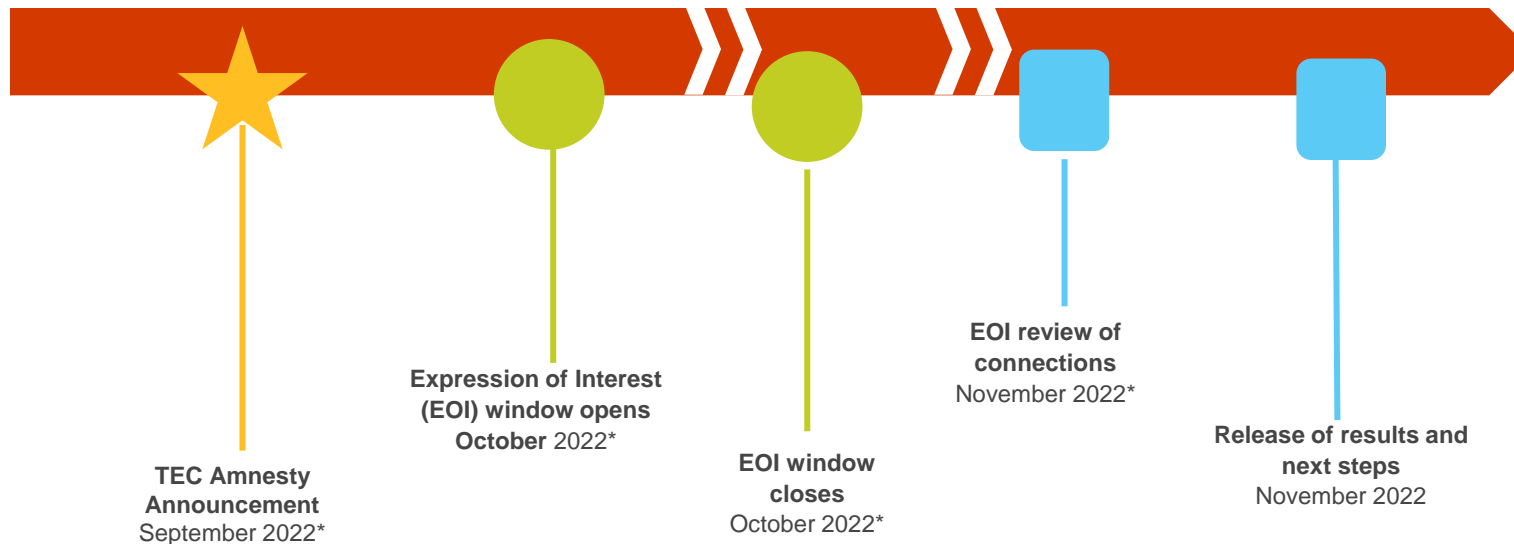
#QM22

Retained Distribution Milestone Names for consistency	Offer for 1 year ahead Connection date	Offer made for up to 2 years ahead Connection	Offer made for up to 3 years ahead Connection	Offer made for up to 4 years ahead Connection	Offer made for up to 5 years ahead of Connection (including EIA, DCO)
Milestones:	All durations referenced from contracted Connection Date				
M1 - Initiate planning consent	Bilaterally negotiated	18 months	27 months	36 months	48 months
M2 - Secure Consent		12 months	27 months	33 months	36 months
M3 - Land Rights		21 months	30 months	39 months	48 months
M4	N/A for transmission (referenced to provide consistency to distribution)				
M5 - Contestable Design Works Submission	Bilaterally negotiated	18 Months	27 months	36 months	48 months
M6 - Agree Construction Plan		12 Months	21 months	33 months	36 Months
M7- Project Commitment		12 Months	27 months	33 months	36 Months
M8- Project Construction		6 months	9 Months	12 months	18 months

Transmission Entry Capacity (TEC) Amnesty

Later this year the ESO, in coordination with Onshore TOs, will be launching a programme to reduce congestion within the transmission capacity queue. In addition to wider strategic benefits, it is anticipated that a successful TEC amnesty will reduce the impact of implementing the Queue Management proposals.

TEC Amnesty is a process run by the ESO whereby we invite all parties with connection agreements listed on the TEC register (i.e. generation developers) to confirm whether they would be willing to terminate their agreement at minimal or no cost or reduce their TEC.



*Dates for reference only

- Following today's webinar and the further feedback you have provided, we will work collaboratively with the Onshore TOs again to review, and refine further if necessary, our QM policy proposal.
- We will then recommence the CMP376 workgroup to industry to finalise the QM proposal following the standard governance route
- If you would like to join the work group, please contact paul.mullen@nationalgrideso.com



Ofgem and Onshore Transmission Owner Perspectives

The logo for Ofgem, consisting of the word "ofgem" in a lowercase, bold, orange sans-serif font.The logo for ScottishPower, featuring a stylized flame icon with green, blue, and orange segments to the left of the word "SCOTTISHPOWER" in a green, uppercase sans-serif font.The logo for National Grid, consisting of the word "nationalgrid" in a lowercase, blue sans-serif font, with "grid" in a bold weight.The logo for SSE, featuring a stylized flame icon with blue and green segments to the left of the letters "SSE" in a bold, blue sans-serif font.

Questions

We are taking questions on Sli.do for this session.

sli.do

Q&A results from sli.do

- Thank you very much to everyone that ask a question in todays session, there were some key themes coming out of the questions, please see below the answers to each of these key themes.

Interaction between the Transmission/Interaction Queue

This proposal is for Queue Management of the Transmission queue however we are aware of the interactions between the Distribution and Transmission queues. We will be deep diving into this as part of the Connections Reform.

When will the next steps for TEC Amnesty be released and will it take into account other industry milestones i.e. the Capacity Market?

We are currently working with Ofgem on the specific details surrounding TEC amnesty, once we have this confirmed we will be issuing more information to industry and also holding a webinar to discuss the process in greater detail and to gain feedback on how it will work i.e. timescales

How do customers provide more feedback on Queue Management?

A number of consultations have already taken place in which the feedback has been used to develop the new proposal. If you are interested in being part of the development of the proposal then please speak to the codes team in relation to being a work group member.

Why were queue management clauses put into agreement and then taken out?

Queue Management is a process which has been required throughout the industry for a long time, the clauses were put in to try and start implementing this process however without it going through the formal CUSC governance process and being documented in CUSC we cannot implement Queue Management within Connection Agreements.

Indicative timeline based on proposed milestones

- A few of the questions submitted at the webinar were in relation to the new timescales, to avoid any confusion with the new timescales working backwards please see below an indicative timescale for a four year project using the new proposed timescales

