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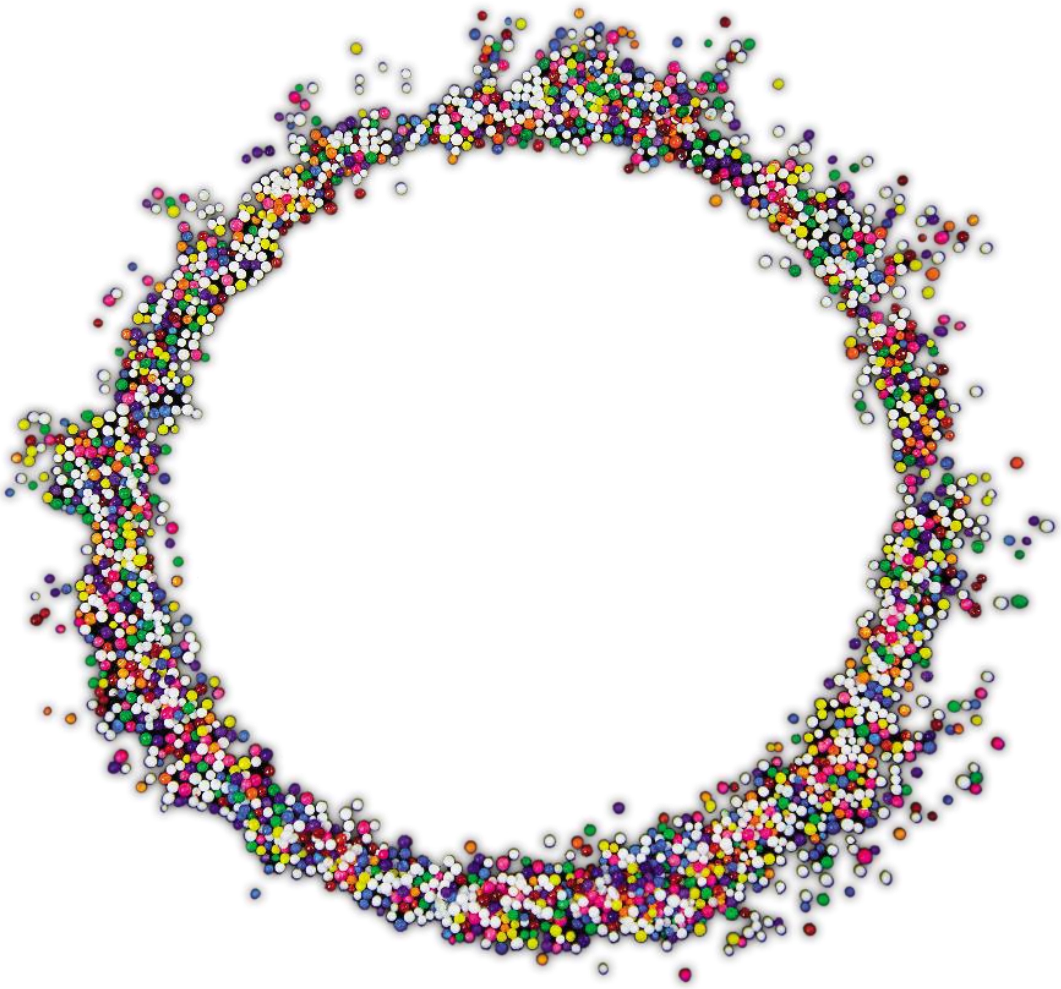

National Grid Electricity System Operator

Connections Reform Consultation

Harworth Estates Property Group Limited

July 2023

1. Introduction

1.1. Deloitte LLP ("Deloitte") is instructed by Harworth Estates Property Group Limited ("Harworth") to submit representations to the National Grid Electricity System Operator ("ESO") Connections Reform Consultation ("The Consultation").

1.2. The ESO has published a consultation focusing on its long-term reforms to the grid connections process. The ESO connections process has been recognised as a critical component, which without reform, could compromise the ability for net zero and decarbonisation targets to be achieved in the UK. The consultation seeks views on how the connections application process could be updated to achieve project delivery more quickly.

1.3. The ESO is inviting comments on Foundational Design Options ("FDOs") to enable connections reform. The ESO connections reform project was launched in October 2022. Subsequent to which, Phase 1 discussions with stakeholders, resulted in the Case for Change report being issued in December 2022 with five key themes. These themes have informed the core of, Phase 2 design criteria and objectives, with a view to identifying foundational building blocks to develop the design of a reformed connections process. As a consequence, reformed connections process Target Model Options ("TMO's") represent foundational design options that are subject to this consultation.

Background

1.4. Harworth is one of the leading land and property regeneration companies in the UK, owning and managing approximately 13,000 acres on around 100 sites in the North of England and the Midlands. Harworth focuses on transforming, regenerating and revitalising its portfolio in these geographies; key to which is decarbonisation, and the role Harworth can play through energy and energy related opportunities across their landholdings.

1.5. Harworth welcomes the opportunity to respond to this consultation. Through the continued development of its portfolio, including for residential and commercial purposes, Harworth have experienced first-hand the impact delays to securing grid connections have placed on site viability. As such any reform that facilitates faster grid connection is supported.

Structure of Representation

1.6. This document responds to the consultation questions pertinent to the Harworth portfolio and decarbonisation objectives, these are:

- Question 7 Key Target Model Add-Ons;

- Question 15 TMO4 as preferred TMO;
- Question 16 Design Criteria Assessment of TMOs;
- Question 17 Benefits and Challenges to TMO4; and
- Question 18 A better TMO than TMO4?

2. Question 7: Key Target Model Add-Ons

Do you agree with our initial recommendation with regard to TMA D (requirements to apply)?

2.1. TMA D introduces four initial recommendations as part of the 'Requirements to apply' Target Model Add-ons.

- *The introduction of a requirement for a Letter of Authority to enter into the connections process (TMA D1). The specifics of how this is implemented would need to be determined in detailed design.*
- *The introduction of a duplication check against that Letter of Authority and other aspects of the application (TMA D4).*
- *The standardisation and simplification of terms and conditions in the connection offer (TMA D5).*
- *The introduction of a requirement to accept a standard form contract as part of the connection application process (TMA D6).*

2.2. Harworth is supportive of the introduction of a requirement for a Letter of Authority to enter the connections process. As a landowner and potential developer, Harworth recognises the importance of securing the correct rights over the land in order to demonstrate that the application is 'shovel ready' from a Lands Assembly perspective and not speculative. Further it is acknowledged that this process has been adopted by Distribution Network Operators ("DNOs") for some time.

2.3. Additionally, Harworth recognises the benefit that the Letter of Authority provides in removing duplicate applications for the same parcels of land, which in turn 'block the queue'. Harworth is supportive of mechanisms that enable filtering out speculative projects for ones that can demonstrate momentum and are able to actively deliver net zero objectives.

2.4. Reflecting on Harworth's portfolio, and increasingly where third party transmission scale projects are in close proximity or require connections to be routed through Harworth land. It is recognised that major reinforcements and upgrades to the transmission network are required to achieve a just energy transmission. However, beyond the introduction of Letter of Authority for generation connections, it also be prudent to ask, where possible, for demonstration of engagement with affected landowners to be provided for any associated cable routeing through to the point of connection.

3. Question 15: Preferred TMO

Do you agree that TMO4 should be the preferred TMO?

3.1 Harworth agrees that TM04 should be considered the preferred Target Model Option ("TMO") of the options presented, providing a mechanism of windows and gates allows for filtering of speculative projects, in support of those that can demonstrated progression, which in turn will speed up connection dates and access to grid capacity.

3.2 This would allow for a consistent and well-resourced engagement as the model as shown on page 75 of the of the consultation document.

3.3 It is crucial that should the ESO adopt this model, that TMO4 accurately considers and enables co-ordinated design for any enabling works required by virtue of the connection offer/ agreement given. This needs to be inclusive of works related to any new substations/ bays, tee-ins, alterations or reinforcements to the transmission network, as well as boundary enhancements between transmission and distribution networks. In this consideration, both accurate Development Planning Assumptions (DPAs) and Construction Planning Assumptions (CPAs) need to be applied to these works. This would allow for and drive, process and methodology alignment, delivering efficiencies in network design at a holistic and granular level.

3.4 Ensuring clear and transparent criteria for the progression through the TMO4 gate process will be important. As it relates to achieving planning consent milestones, consideration needs to be given to the nuances that can be progressed through a planning lens depending on the regime utilised, i.e., whether this is the Town & Country Planning Act 1990 or Planning Act 2008, noting the latter for solar generation projects over 50MW onshore is a longer end to end process.

3.5 Against these regimes there is benefit in a definition as to what constitutes 'consent', when it comes to submission of an application and subsequent determination. Where a determination is delayed, through matters outside of applicant control, or where an application for consent is refused, allowance must be made for Connection Agreement parties to demonstrate that they are actively pursuing remediation actions to rectify the position, for example through submission of a planning appeal, or engagement with the decision maker (which, in some instances, could be the Secretary of State).

3.6 A Window in TMO4 allows for the ESO to review applications on a batched basis, as currently mooted at 3 or 6 month intervals during a year. Acknowledging that this provides a holistic view for a co-ordinated network design, it is considered that an additional sub gate could be added to this window. Subsequent to the payment of fee and demonstration through Letter of Authority, an ESO 'sense check' of proposals, testing whether they are considered to be deliverable and achievable would further remove any applications deemed to be speculative. This would enable more considered thinking as to whether project interactivity/ co-existence/ co-location opportunities present themselves. Managing co-ordination is more likely to prove successful if considered at this early stage in project development.

3.7 In addition, this 'sense check', would enable efficient inclusion of anticipatory investment in network design, noting our comments in paragraph 3.3 above, covering traditional and non-traditional solutions to address network constraints. This anticipatory investment need not be limited to traditional network build solutions – efficient anticipatory investment could also include more innovative, technological or other non-build solutions to address network constraints.

3.8 More holistic planning affects the entire value chain of development proposals, from point of generation, through to transmission, inclusive of project lifecycle stages (development, delivery, operation and decommissioning) as well the wider supply chain. Introducing co-location or co-existence metrics into TM04 will be of benefit to the transmission network, environment and affected communities, introduce innovation and allow for competitive tenders.

3.9 Harworth supports the suggestion in TMO4 that capacity allocated in a window will be first allocated to projects in the same window should it no longer be required by the original applicant, and then projects in later windows that reach the relevant Gate. This 'Use it or Lose it' arrangement should be applied with caution, or subsequent to a series of warnings, particularly noting our comments at paragraph 3.5 in respect of appeal or Judicial Review proceedings against determinations.

3.10 TMO4 is supportive of the connection of more projects that are shown to have a positive network impact (inclusive of battery storage) combined with a coordinated network design. Harworth is supportive of this approach to maintain and improve the operability of the network mindful of the value in a robust facility to balance supply and demand to ensure energy security.

3.11 Harworth recognises that there is no queue position at Gate 1 and that a 'First Come First Served' position is introduced later at Gate 2. This is supported, on the basis that clarity is provided that allows for 'clock start' following the conclusion of initial consultation, such that progression through windows and gates can be progressed at a considered pace.

3.12 Finally, it is observed that TMO4 as currently drafted doesn't extend to apply to interconnectors. Interconnectors do take up capacity and affect network

modelling, could TM04 be updated to include confirmation of those interconnectors who have not met the milestones outlined in TM04, or more substantially TMO4 updated to include interconnectors such that they need to demonstrate ‘reasonable expectation’ from the connecting country System Operator of their connection date as part of a suite of evidence to demonstrate progress.

4. Question 16: Preferred TMO

Do you agree with our design criteria assessment of the four TMOs? If not, what would you change and why?

Design Objectives	*Design Criteria*
Creates a more coordinated and efficient transmission system and network design.	1. *Better informs when and where to connect* 2. *Enables economic, efficient, coordinated network design* 3. *Delivers more efficient use of network capacity* 4. *Maintains or improves operability of network*
Options collaboratively developed throughout the connections lifecycle.	5. *Reduces risk of wasted effort* 6. *Parties able to engage to identify best option(s)*
Quicker connections for projects progressed on their merits	7. *Better recognises nature and status of connections* 8. *Enables "shovel ready" projects to progress more quickly* 9. *Accelerates timing of connections*
A simple transparent and coordinated approach to connections.	10. *Improve Transmission and Distribution coordination* 11. *Improve the connections process experience of connectees* 12. *Efficiently manages policy complexity/interdependencies*
Easy access to self-service tools, consistent data and quality insight.	13. *Gives better access to and visibility of data and info for parties* 14. *Enables parties to plan and act more efficiently* 15. *Reduces reliance and/or workload on others*
Consistent, skilled and well-resourced engagement	16. *Provides coherent customer experience across networks* 17. *Skills and capabilities matched to responsibilities*
Future proof process	18. *Adaptability to changes in the market landscape* 19. *Supports greater investment certainty across the industry* 20. *Flexibility to evolve process to deliver future needs*
Better cost outcomes for the end consumer	21. *Reduces overall costs to end consumers* 22. *Can be implemented in a timely and efficient manner* 23. *Environmental and community impacts are avoided, minimised or mitigated by the network design.*

4.1 The scoring matrix as articulated above is based on whether the design of a TMO has a more positive outcome (+2); a positive outcome (+1); the same outcome (0); a negative outcome (-1); or a more negative outcome (-2), when comparing

the same design criteria to the legacy process i.e. the current connections process before the 5-Point Plan.

4.2 Although Harworth is supportive of the design criteria assessment, it is considered that the scoring system has the disadvantage of being subjective. For example, the only criteria with a 'more negative scoring' (-2) for TMO4 was criteria 22 '*Better cost outcomes for the end consumer - Can be implemented in a timely and efficient manner*'.

4.3 Harworth do not agree that the implementation windows will result in lengthier implementation timescales due to an earlier window on the critical path to implementation which requires regulatory and code change. If the window process is clear, then projects which are "shovel ready" should be able to implement connections in a timely and efficient manner. When viewed strategically and holistically, whilst reform is acknowledged to take time to implement, either incrementally or in a wholesale fashion, the adopted reform process will enable progression of those projects most ready to deliver net zero and decarbonisation targets.

5. Question 17: Preferred TMO

What are your views on the stated benefits and key challenges in relation to TMO4?

Strengths	*Weaknesses*
- *Significant opportunity to introduce a co-ordinated network design and anticipatory investment could be considered to the greatest extent possible in any of the TMOs.* - *Opportunity for much better alignment to Centralised Strategic Network Plans, potentially allowing earlier build of enabling works.* - *Interactivity mostly removed as a concept and as a result reduces for potential contract rework and customer dissatisfaction.* - *Provides a backstop date at Gate 1 and best chance for advancement for projects that proceed quickly to Gate 2.* - *Queue (for projects within a window) only forms at Gate 2 so allows move to 'First Ready, First Served' and there is more opportunity for projects that are progressing to secure better overall connection dates.* - *Gate 2 provides further opportunity* - *for advancement under RQM+. Resources can be deployed more effectively across the process stages than other TMOs e.g., annual opportunity for a focussed and more efficient Pre-Application Stage.* - *Resource savings in relation to reduction in need to manage interactivity within process.*	- *Risk that many of the projects used as the basis for the coordinated design do not ultimately proceed, introducing a risk of over-investment, which is mitigated to some extent by using Attrition CPAs. It may also be mitigated further by the improved ability to use network competition and/or give more considered thought to non-build solutions.* - *Would need licence change and code changes, which would increase implementation timescales.* - *More complex to implement than TMO1 and TMO2.* - *A more radical departure from the current arrangements, which could be viewed to introduce risk.* - *The window adds to time in process to when a connection offer is provided compared to other TMOs and restricts when developers can submit connection applications.* - *Continues to provide full offers to all applicants and potentially increases the per-applicant effort to do so..*

5.1 The strengths and weakness table as presented on page 65 of the consultation document and summarised above considers matters principally through a connections process lens, absent of other matters which affect the ability for Windows and Gates to be achieved.

5.2 As advised earlier, benefit would be realised through flexibility in the definition of consent milestones, both at the point of application and determination – to reflect the range of planning and land assembly regimes available to promotors as well as the planning variations, appeal, Judicial Review mechanisms, amongst others, that can be utilised to achieve project success.

5.3 Similarly greater awareness of other projects in vicinity with same/ similar connection offers would be of benefit to both the applicant and ESO such that various routes to pursue co-location and co-existence are considered, particularly as it relates to infrastructure clustering and/or maximised land use to both the advantage of the environment and host community.

5.4 To the extent that the ESO are able, clarity on whether any technology options, such as batteries, provide for a queue preference, as part of the energy mix for GB; particularly as it relates to supply and demand in supporting energy security.

6. Question 18: Preferred TMO

Do you think there is a better TMO than TMO4? Whether that be TMO1 to TMO3, as presented, a materially different option, or a refined version of one of the four TMOs we have presented?

6.1 Harworth have reviewed the Target Model Options and agree with the ESO that TMO4 is the most efficient option at accommodating the significant changes required to the current connections process. Harworth is supportive of reform that improves the current position and would advocate for clarity and greater granularity on implementation timelines for any TMO that is ultimately adopted, as currently shown on page 100 in the consultation literature.

6.2 Harworth agrees that TMO4 best meets the design criteria and is most likely to deliver the widest range of benefits.

7. Summary and Conclusion

7.1 Harworth supports the view that connections reform is required to provide surety to energy applicants that invest and promote projects covering generation, storage and transmission at scale in support of decarbonisation and net zero.

7.2 In addition, it is considered that there is value in an incremental approach to adaption of wholesale reform to ensure success in the connections reform journey.

7.3 Wherever possible Harworth supports a connections reform solution that facilitates either a market based or centralised deployment and to this end endorse TMO4 as the preferred Target Model Option, noting the areas of refinement that could be applied to ensure a robust process.

7.4 Harworth welcomes the opportunity for further dialogue and/or comment on the Connections Reform Consultation and look forward to continuing to engage positively in the process.

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