

To: National Grid ESO

By email: box.connectionsreform@nationalgrideso.com

28th July 2023

Dear Sirs,

GB Connections Reform Consultation

Introduction

ABP welcomes the opportunity to respond to National Grid's GB Connections Reform Consultation.

At ABP we are keen to our play a part in the transition to a greener economy as we fully support net zero emissions by 2050. Indeed, our Ready for Tomorrow sustainability strategy commits us to reaching net zero ourselves by 2040 at the latest. We are also committed to playing our role in wider decarbonisation – through our role in supply chains, through our relationships with tenants on our estate and, most significantly in terms of UK emissions reduction, through providing vital infrastructure for the energy transition.

The need for connections reform is urgent given the outdated design of the connections policy framework that has led to a long and slow-moving queue of projects seeking grid connection, many of which will never progress. However, it is also just as important to ensure that the many thousands of smaller projects which will have no impact on the grid are also facilitated.

There is a much greater need for more support and priority for industrial consumers trying to get Behind The Meter grid connections because most of the power is for the industrial facility, which is crucial for competitiveness of UK industry. There should be more use of managed constraint systems (e.g. can be required to stop exporting if grid is under stress) using real time monitoring rather than the current system of assuming all generation is at full output when considering whether to grant grid offers.

Electrification and electricity network connection is also a vital enabler for major emissions reduction (and air quality improvement) in the maritime and logistics sectors. A key example is 'shore power',



the connection of vessels at berth to allow them to power their systems through electricity rather than burning fossil fuels.

Taken together, on site use for both ABP and our customers / tenants as well as electrification of shipping and logistics, takes the load of a port such as Southampton from under 10MW to 50-90MW. To make this happen requires high capacity electricity connectivity delivered in the short term.

As a major importer of electricity from the grid (140GWh per annum) ABP are embarking on a programme of installing further renewable generation and storage on our port networks which would be of benefit to the environment and the electricity system as a whole. We already have a total of 26 MW of solar and wind generation on our networks. We have plans to develop battery storage as well as more on-site generation to around a total of 100MW in the next five years. Co-locating demand with green generation helps us, as well as our customers, to decarbonise. However, the connections queues and other obstacles are pushing dates out well into the 2030s.

We note that National Grid are currently working closely with DNOs, via the SCG, to consider the level of interactivity between transmission and distribution networks. This includes the extent to which distribution connected projects impact the transmission system, and how that impact is managed. Any DNO/TSO review should take into account the reality that any export volumes from ABP's onsite generation would be much less than the nameplate capacity of the new asset(s).

We have become aware that there is a CUSC allowance for sites which do not already have generation to be swiftly approved up to 1MW in zones that are congested, but at least one DNO is deeming sites which already have some generation (but the requested additional generation would not exceed 1MW) to need to go through the full Statement of Works process with a likely connection date well in the future. This is completely unnecessary, grossly unfair and potentially discriminatory. We think National Grid need to become more involved in the Appendix G process to ensure that this practice is removed in the interests of getting more embedded generation approved.

Looking at the 'resilience' relationship between ABP sites and the Distribution Network Operators we believe that there needs to be more use of ANM, DERMS and any other digital real-time instrumentation/monitoring to allow more generation to connect. We would be happy to be constrained off if the network is under stress at any point in time because the main purpose of our projects is to provide power to our ports.

We would be happy to have a "use it or lose it" clause on any grid offers, i.e. if we don't commit and energise by a certain date (a backstop to the contracted date) then we would lose the contract. We would also be happy with a "look-back" type review whereby if we are not using all of the capacity then there would be a formal review as to whether we keep it all or are required to hand some back. If this were applied to all UK power plant we'd be able to connect much more.

Background to ABP

ABP owns and operates 21 ports around the UK which together handle around a quarter of the nation's seaborne trade. We operate four ports on the Humber, Hull, Goole, Immingham and Grimsby, which together constitute the largest ports complex in UK and serve its busiest trading estuary. ABP's Port of Southampton is the UK's principal port for the automotive trade and cruise, and home to the nation's second largest container terminal. ABP also operates five ports in Wales which form the backbone of

the South Wales industrial cluster and handle a broad range of cargoes in support of local and national industries and manufacturers.

By facilitating trade and connecting British businesses and manufacturers to international markets, our ports act as important drivers of economic growth in regions and coastal communities around the country. Together with our customers, our ports handle £150 billion of UK trade, including £40 billion of UK exports through the Port of Southampton. In fulfilling this vital role, the ports support 119,000 jobs and contribute £7.5 billion the UK economy. ABP's ports are also at the forefront of the renewable energy sector, supporting the growth of the offshore wind sector and driving decarbonisation in the supply chain through on-site renewable energy generation for ports operations and our customers.

Response to open letter

We respond to the questions in the consultation in order below:

1. Do you generally agree with our overall initial positions on each of the foundational design options and key variations? Are there any foundational design options or key variations that we should have also considered?

Yes, we generally agree that the overall initial positions are well described and highlight the various pros and cons.

2. Do you agree with our initial view that the current issues with the connections process could potentially be addressed on an enduring basis through other, less radical, and lower risk means than the introduction of capacity auctions?

Yes, we do not agree with the introduction of capacity auctions.

3. Do you agree with our initial view that the reformed connections process should facilitate and enable efficient connection under either a market-based (i.e. locational signals) or 'centralised' deployment approach (or an approach somewhere between the two), but not mandate which approach to follow?

Yes, it is worth keeping both these options on the table. In either case, however, it is essential that smaller generation is not crowded out but able to come forward quickly where there is no impact on the grid.

4. Do you agree with our initial recommendation that TMA A to TMA C should all be progressed, irrespective of the preferred TMO?

Yes, especially TMA A (Other Longer Term Solutions) which includes detailed asset level data and a full connectivity model to allow an understanding of which assets impact connections, including Transmission and Distribution interactions.

5. Do you agree with our initial recommendation on the introduction of a nominal Pre-Application Stage fee, discounted from the application fee for customers which go on to submit an application within a reasonable time period?

This sounds like a good incentive. However, the level of the fee should be proportionate to the size of the proposed project.

6. Do you agree with the importance of the TMA A 'Key Data'? Please provide suggestions for any other key data that you suggest we consider publishing at Pre-Application Stage

Yes.

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

Of the recommendations we would say that the introduction of a requirement to accept a standard form contract as part of the connection application process (TMA D6) is the best. A requirement for a Letter of Authorisation from land-owners could be useful if they are a separate entity.

8. Do you agree with our initial recommendation with regard to TMA E (determination of enabling works), including that it is right to wait until the impact of the 5-Point Plan is known before forming a view on whether further changes to TMA E are required?

Yes

9. Do you agree with our initial recommendation with regard to TMA F (criteria for accelerating 'priority' projects)?

We agree with the recommendation that a reformed connections process should be able to accelerate projects that are ready(ier) to connect (TMA F3) as this helps allocate capacity to those projects that are most ready to use it. However, "priority" projects may undermine this. They should only be given priority if they are ready[ier] to connect.

10. Do you agree with our initial recommendation with regard to TMA G (queue management)?

Proactive Queue Management (PQM) is where there is no 'capacity gap' and the risk of this acceleration sits either with consumers (in terms of additional constraint costs or reduced system operability) and/or other developers (in terms of potentially pushing back their connection date as a result of an accelerated project taking their place in the queue). This does not sound fair or responsible.

11. Do you agree these four TMOs present a reasonable range of options to consider for a reformed connections process?

No comment

12. Do you think any of the four TMOs could be materially improved e.g. by adding, removing or changing a specific aspect of the TMO? If so, what and why?

No comment

13. Are there any important TMOs we have missed?

No comment

14. Do you think 'Submit Consent' is too early for Gate 2 in TMO2 to TMO4? If so, what milestone should be used instead and why?

No comment

15. Do you agree that TMO4 should be the preferred TMO?

No comment

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

No comment

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

No comment

18. Do you think that 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?

No comment

19. Do you agree with our views on DNO Demand in respect of the TMOs

We agree that the TMO should apply to new demand requirements i.e. where anew demand requirement is identified, such as a new Grid Supply Point, or where there is an additional demand requirement at an existing GSP which then triggers new infrastructure considerations.

20. Do you have any views on the appropriate mechanism to incentivise accurate forecasting of requirements and avoid more RDC than is necessary being requested by DNOs?

Yes. DNOs need to be given definitive guidance on examples where non Relevant Embedded Generation does not need to be included in the process at all. We have become aware that there is a CUSC allowance for sites which do not already have generation to be swiftly approved up to 1MW in zones that are congested, but some DNOs are deeming sites which already have some generation (but the requested additional generation would not exceed 1MW) to need to go through the full Statement of Works process with a likely connection date well in the future. This is completely unnecessary, grossly unfair and potentially discriminatory. We think National Grid need to become more involved in the Appendix G process to ensure that this practice is removed in the interests of getting more embedded generation approved.

21. Do you agree with our views on the process under which DNOs apply to the ESO on behalf of relevant small and medium EG that impact on or use the transmission system, including that (under TMO4): i) DNOs should be able to request RDC via application windows to allow them to continue to

make offers to EG interwindow; and ii) resulting offers should be for firm access until relevant EG has reached Gate 2 (at which point they can request advancement and an earlier non-firm connection date)?

We agree with the concept of “inter-window” arrangements as this will speed up the process for small generation which can deploy quickly. We are also more than comfortable with a use-it-or-lose-it aspect.

As a general principle National Grid think that relevant Embedded Generation (EG) projects should be provided with the opportunity for temporary non-firm access at the same time as transmission connected and large EG projects. As such, in TMO1, it would be possible for relevant EG to request (via the DNO) temporary non-firm access at Gate 1. In TMO2, TMO3 and TMO4 it would only be possible for EG to request (via the DNO) temporary non-firm access at Gate 2. However, in order to expedite mass small (and easily deployable) EG we think that the need to stick to the principle is unnecessary. No matter which TMO is chosen early requests for non-firm access should be allowable.

22. Do you agree that directly connected demand should be included within TMO4 and that the benefits and challenges are broadly similar as for directly connected generation?

Yes

23. Do you agree that TMO1 to TMO3 would require a separate offshore process, and that this would result in material disbenefits?

No comment

24. Do you agree that TMO4 is the most aligned to the direction of travel for offshore projects? If not, why?

No comment

25. Other than the Letter of Authority differences are there any other TMAs which have specific offshore considerations?

No comment

26. Do you agree with our views on network competition in the context of connections reform, including that TMO4 is the option which is most aligned with network competition as it includes the most design time at an early stage in the end-to-end process?

No comment

27. Do you agree with our initial recommendation related to each of the TMAs within this chapter? If so, why? If not, what would you change and why?

We are generally comfortable with all of the TMAs

28. Do you agree with our current views in respect of the implementation period?

The Summary document states that National Grid are currently working closely with DNOs, via the Strategic Connections Group (SCG) to consider the level of interactivity between transmission and distribution networks. This includes the extent to which distribution connected projects impact the transmission system, and how that impact is managed. That work is ongoing and National Grid state that they not want to prejudge the outcome at this stage. However, where there are unnecessary and irrelevant barriers to more embedded generation being employed (see, for example, our answer to Q20) we feel that these should be identified and removed with the utmost urgency.

29. Do you agree with our current views in respect of transitional arrangements? What are your views on how and when we should transition to TMO4?

National Grid state that if they were to follow standard practices for changing industry codes and licences, the 'go live' for these reforms would be mid to late 2025. It is difficult to envisage any action which could speed this up.

30. What further action could Government and/or Ofgem take to support connections reform and reduce connection timescales, including in areas outside of connections process reform?

No comment.

If you have any questions regarding this response please do not hesitate to contact me.

Yours sincerely,

Colin Prestwich

Energy Regulatory Manager