

ESO Connections Agora

20th September 2023



Introduction

The Customer Connection Agora Sessions are aiming to:

- ✓ Provide an opportunity to learn about a variety of subjects such as Connection Processes, Codes and Policy Changes, Network Operability, Operational Compliance, Security and Liabilities, Cancellation Charges and more;
- ✓ Increase the visibility of the Electricity Connections Team to our customers, stakeholders and the wider electricity market;
- ✓ Facilitate updates on our key workstreams and initiatives, as well as enable engagement and interaction via the Questions and Answers segment.

Agora presented by

Kavita Patel

Senior Policy and Change Officer

Paul Mullen

Senior Connections Design Lead

Reminder:
Connections
Customer Seminar
London – 16
October

Join us on **16 October in London** to discuss how we're improving the connections process for customers to speed up the transition to a zero carbon electricity system.

Registration for this event will close on **5 October**.

Click [here](#) to sign up or scan the QR at the side.



Agenda

- Connections Process
- 5 Point Plan
- GB Connections Reform
- Questions and Answers

Please ask all questions Q&A function.
We aim to get through as many
questions as possible.

ESO Connections Update

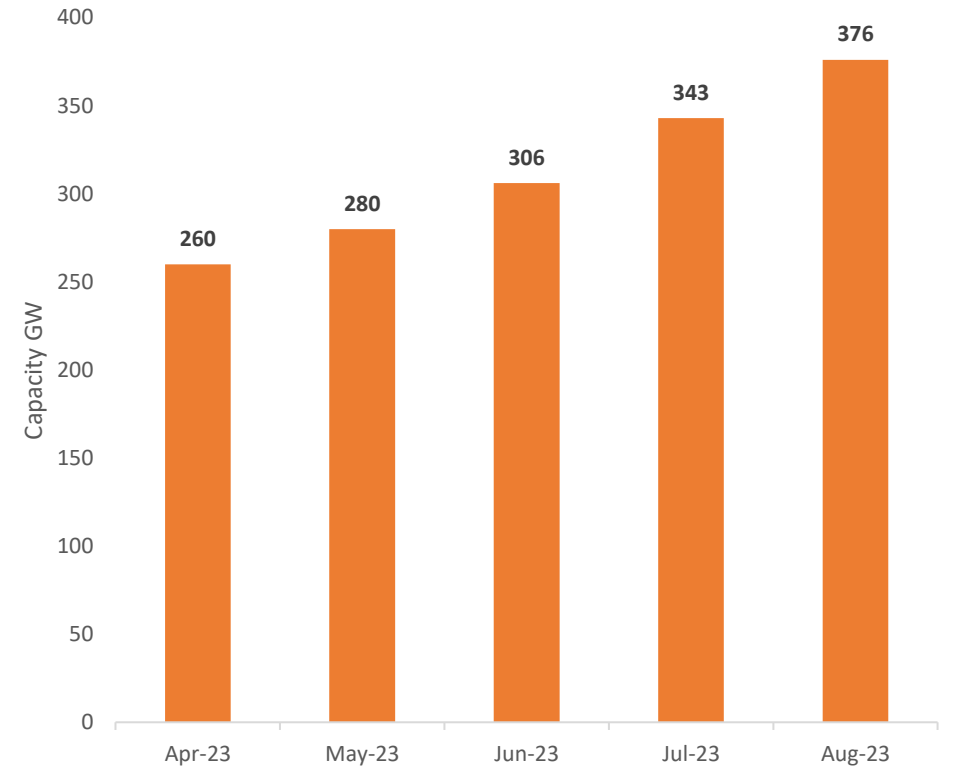
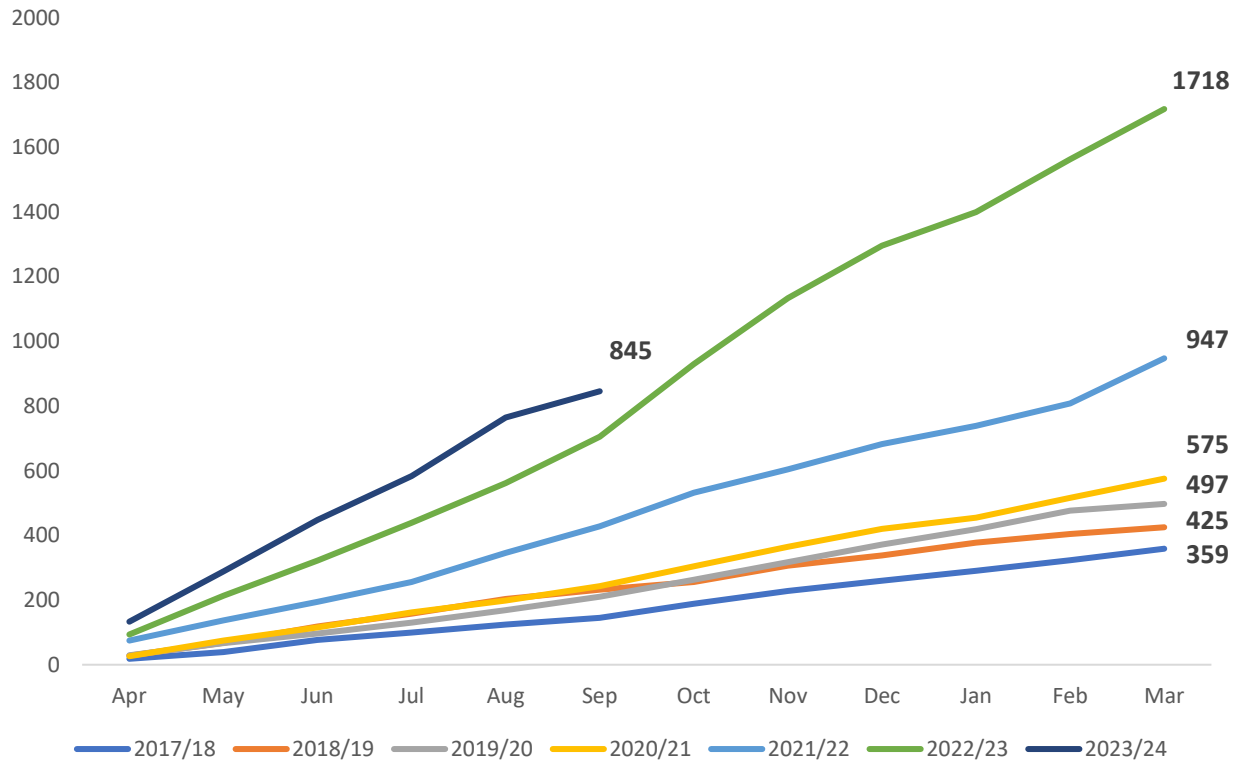


Connection Applications

The number of licenced connection applications has increased over the last 5 years, with a marked increase over the last 2 years. This increase is driven mainly by new Offshore Wind and Battery Energy Storage applications.

The increase in applications has in turn increased the contracted background and connection queue to 376GW, which is an increase of over 100GW in the last 5 months.

Licensed Applications Received

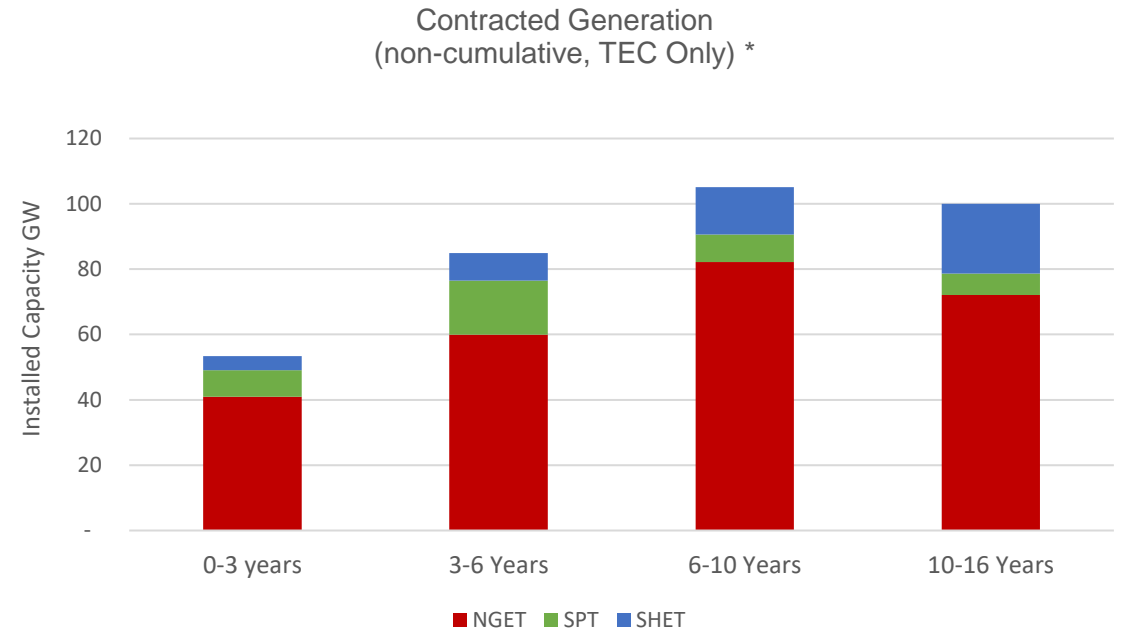
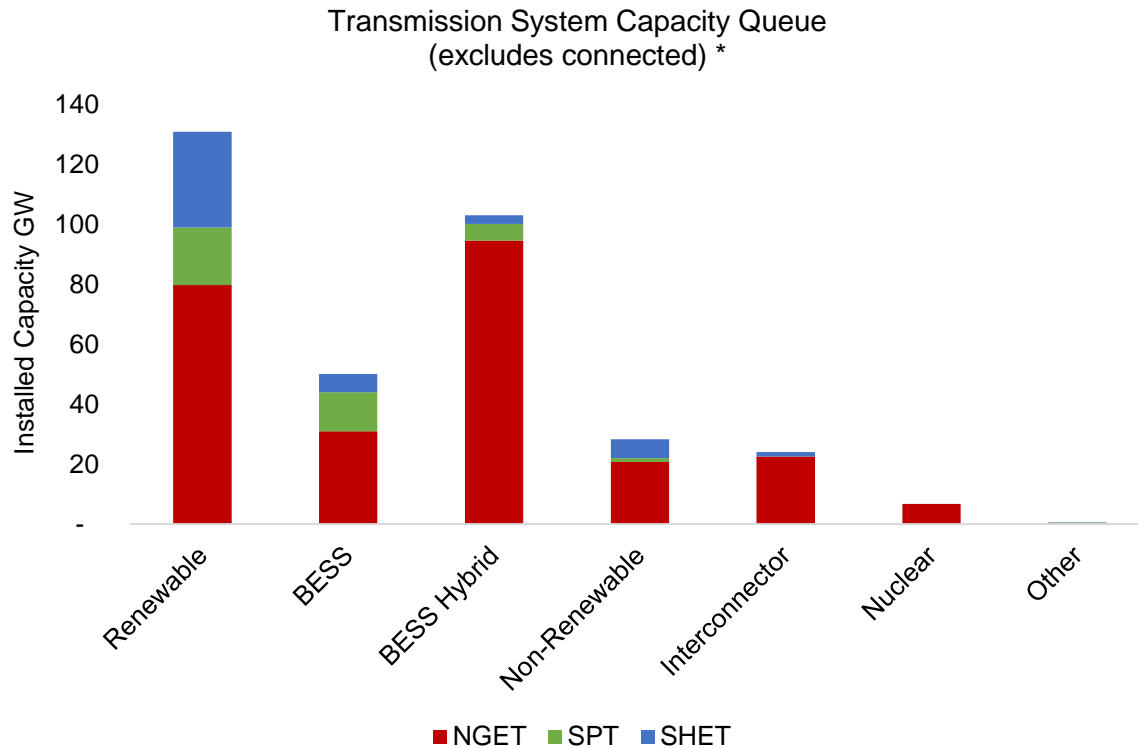


*transmission connected capacity only – excludes 83GW of connected capacity

Connections Queue

The contracted background is still growing, with more applications offsetting a falling acceptance rate.

Over **395GW** of generation projects are currently seeking to connect to the electricity transmission system, yet our data shows that up to **70%** of those projects may never be built. **113GW** currently in the distribution queue.



*Data from TEC Register on 31/05/23

5 Point Plan



Our 5 Point Plan

Our 5-Point Plan is a set of Tactical Initiatives ahead of the wider connections reform

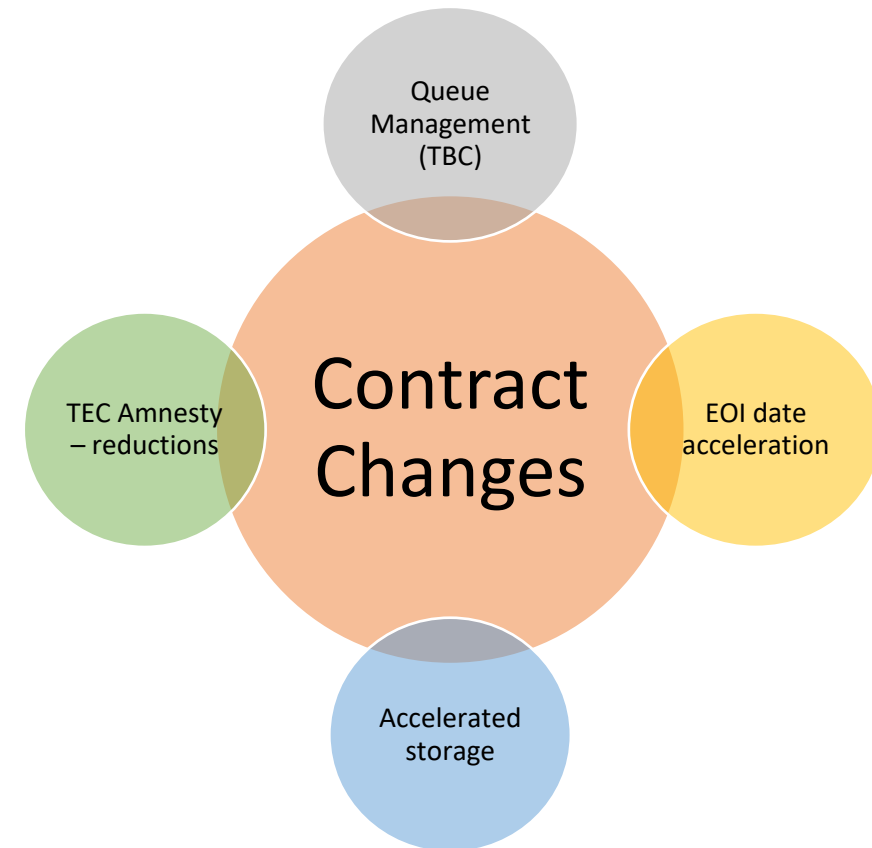
1. TEC Amnesty
2. Construction Planning Assumptions Review
3. Treatment of Storage
4. Queue Management
5. Non-firm Offer Development



Contract changes from the Five Point Plan

ESO approach to contract change

- Treat as a Modification Application to existing Agreements for any EOI's
 - BCA / BEGA / BELLA
- Include as many of the contract changes as needed into one contract amendment
- Most efficient and effective route for all parties involved in the process as condenses contract changes into one update.



TEC Amnesty

- First TEC Amnesty since 2013
- We received a total of 8.1GW of applications
- Ofgem published a letter of comfort on 15th August confirming that the costs could be re-couped through TNUoS
- Final Step- ensure customers still want to be a part of the amnesty
- 1.8GW has dropped out
- Starting to Terminate agreements for those that have confirmed



CPA Review and Treatment of Storage

Construction Planning Assumptions Review (CPA)

We are reducing the assumptions in relation to how many projects in the queue will connect from 100% to 30-40%

Treatment of Storage (BESS)

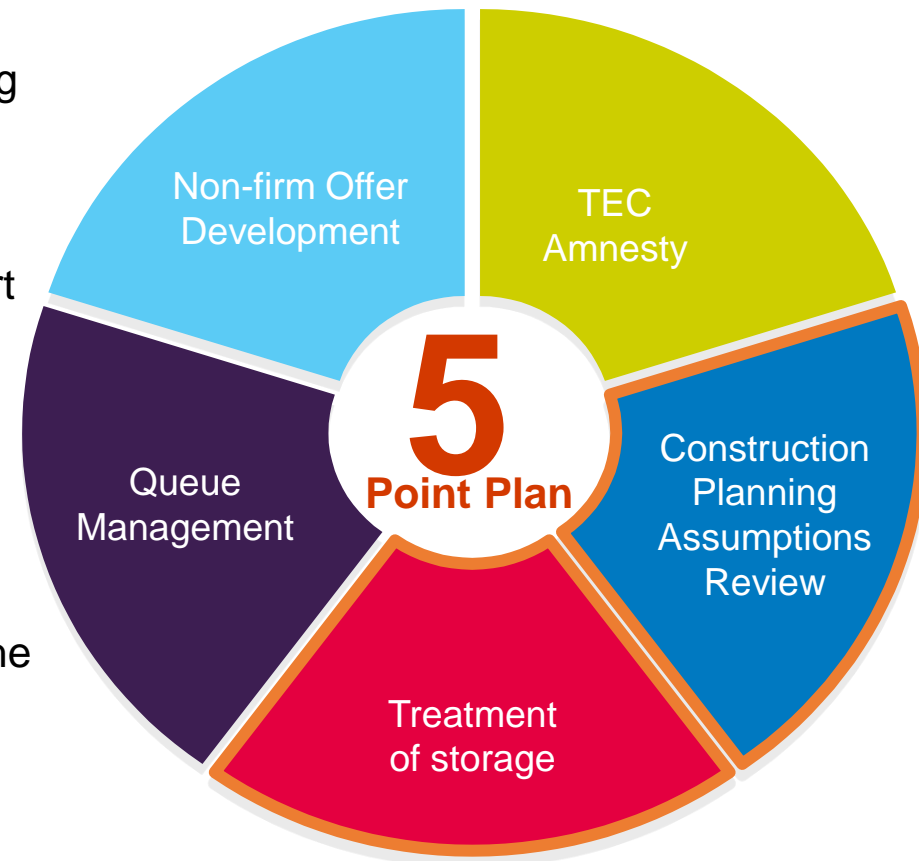
We are revising the way storage connections are modelled using insight resulting of a better understating of its behavior. The storage projects are dispatched to OMW because that's typically the output of the modelling for those samples but there have been CPAs where some storage projects were dispatched to a non-zero value. These changes will allow storage to connect quicker and support unlocking more capacity to connect others.

Transmission works review (TRW)

Together the above make the Transmission works review where we hope to be able to reduce connection dates and reduce works.

In England and Wales the two step offer process has been introduced to allow the TWR to be completed alongside the usual connections process

The existing connections process is still in operation in Scotland.



Queue Management

- There is currently no mechanism in the CUSC to terminate projects that are not progressing.
- CMP 376 is the CUSC Mod which would give the ESO powers to terminate agreements that are not progressing
- Final work group report was submitted to Ofgem on the 7th June
- Awaiting Ofgem's decision- 15th September
- Currently developing a substantial guidance document and working with TO's on implementation



Non-firm Offer Development

Context

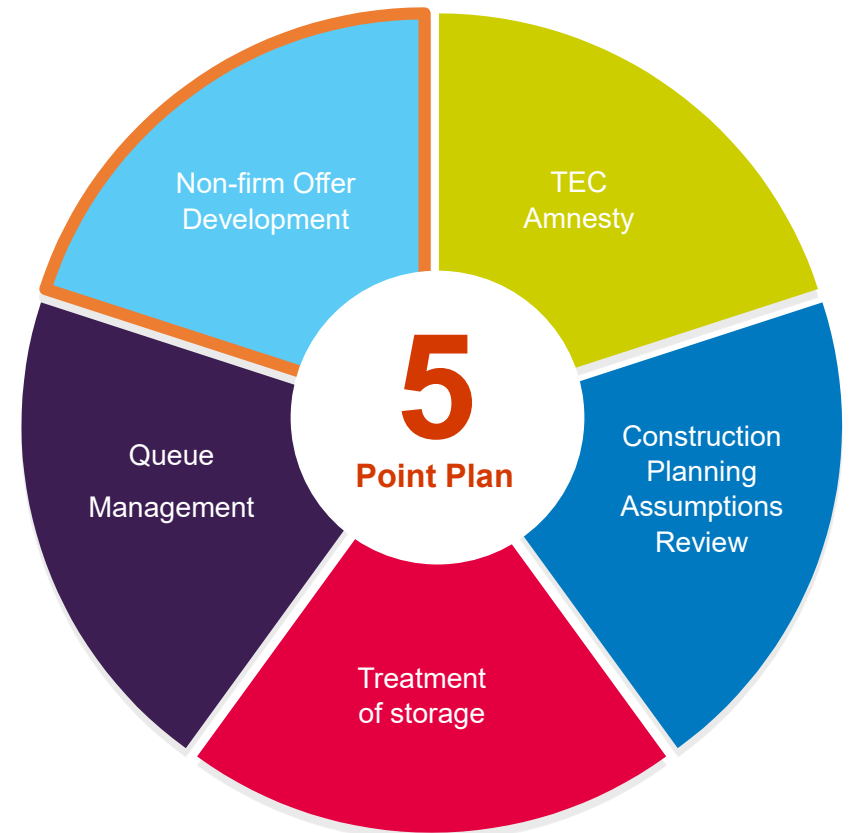
We launched **our non-firm policy** in June. It allows storage to connect once enable working are completed on a non firm (customer choice) basis.

What has happened since then

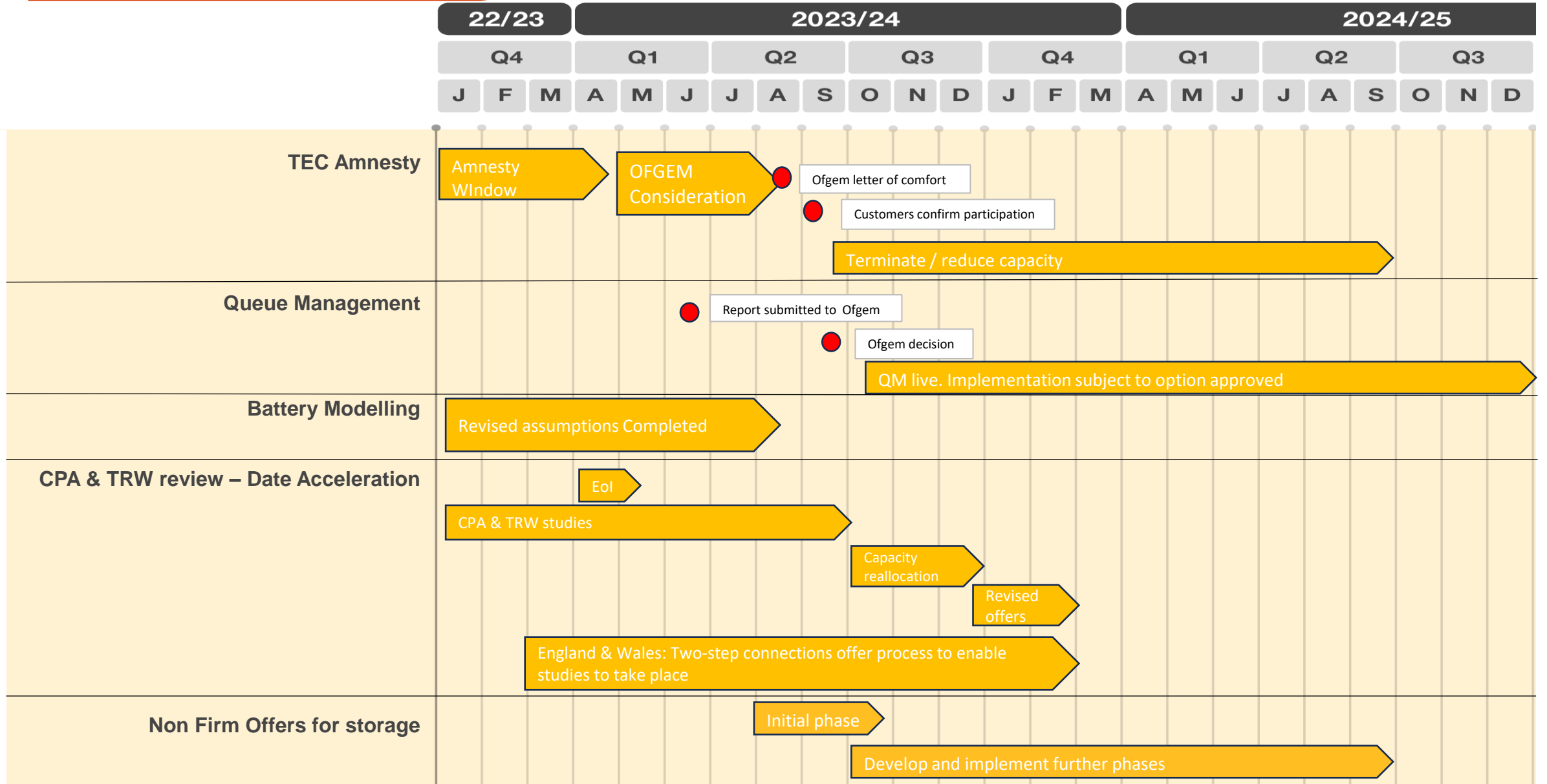
We have been working with the TOs and the DNOs through the ENA's Strategic Connections Group to develop the detail that underpins the policy. In addition we have analysed the **EOI** to understand the appetite from storage for an accelerated non firm connection date.

Update

- Our intention is to launch a tranche 1 to see if there is appetite for such a product. Initially this will be for ~20 customers (~10GW) at sites selected by NGET. Tranche 1 is for E&W transmission, with Scottish storage sites being rolled out early 2024. Distributed connected storage is being progressed together with the ENA through their **three point plan** (point 2 – changing how transmission and distribution coordinate connections). The ENA is running a webinar 28th September for more info.



Connections Five Point Plan Summary



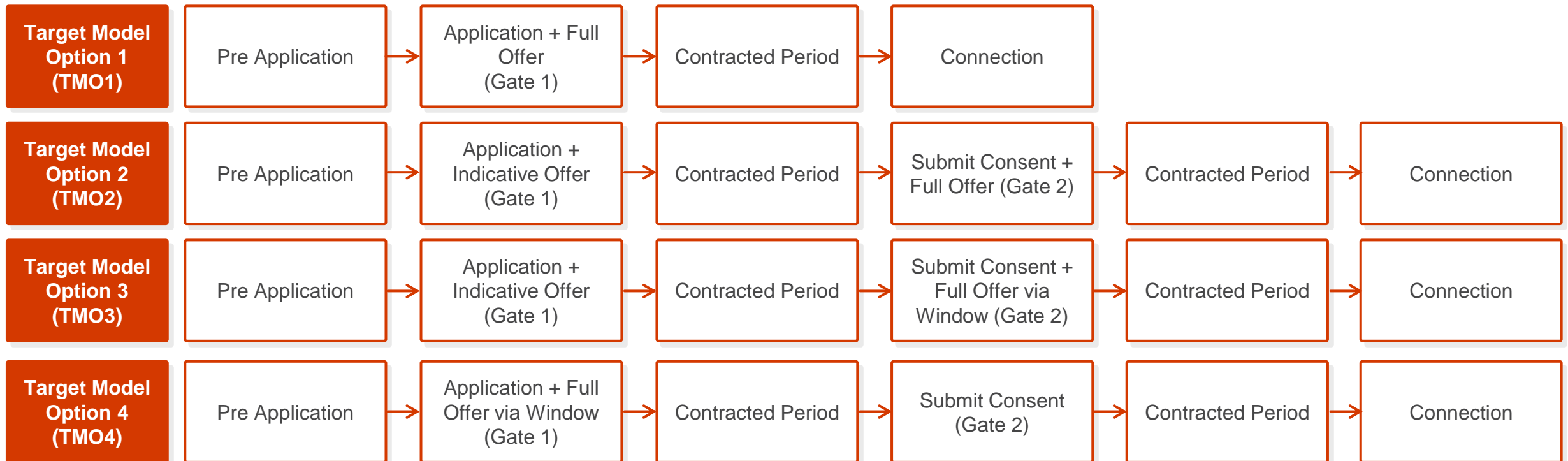
Connections Reform



The Target Model Options

Feedback and evolution led to 4 Target Model Options (TMOs) being developed

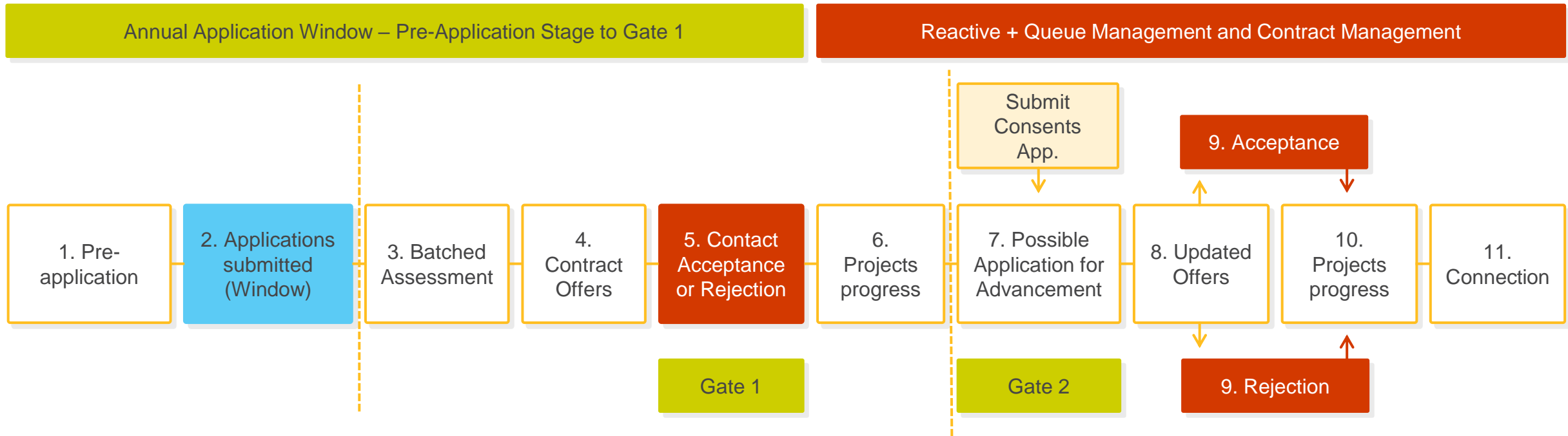
- Each TMO consists of a core process and a selection of changes from **18** add-on categories.
- Other core processes were considered but not progressed (e.g. more / later gates and multiple window processes).



Initial Recommendation Summary

Our initial recommendation is for Target Model Option 4.

- It has an early window for coordinated network design and a later gate for potential acceleration of progressing projects.
- Various other improvements throughout the process based on feedback.



Connections Reform Phase 2 Consultation Responses

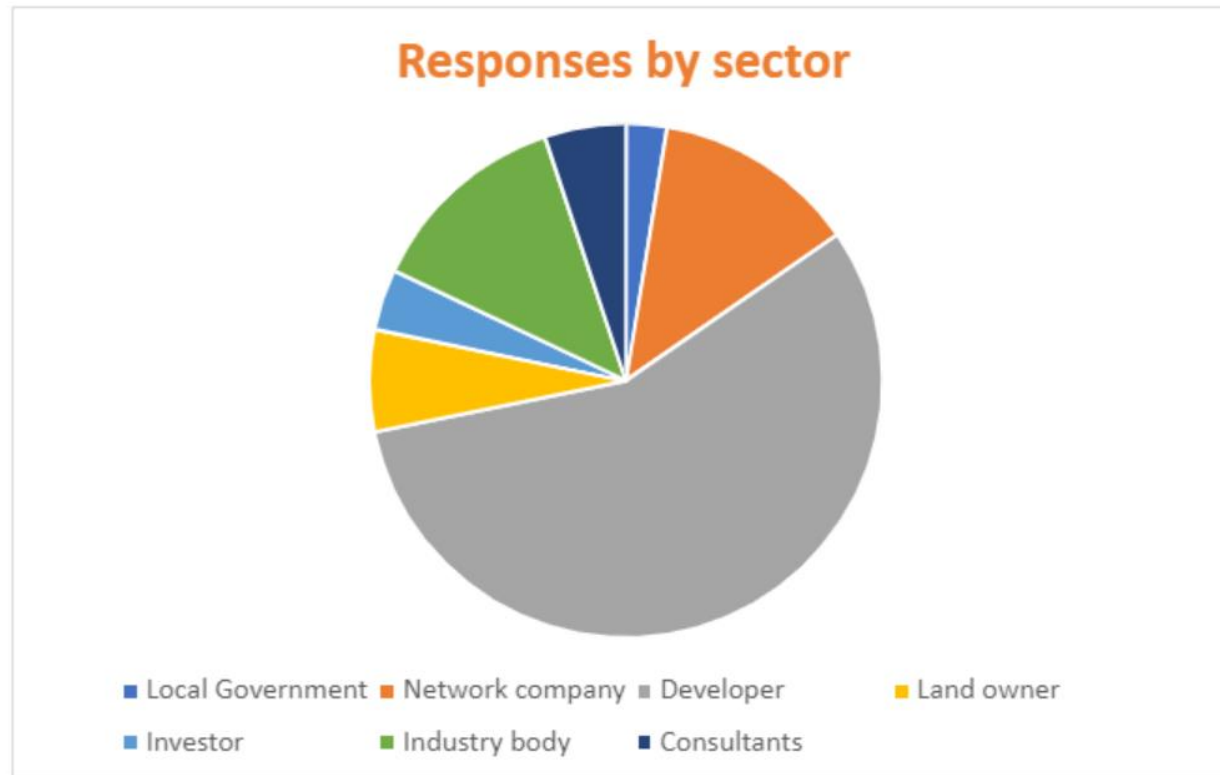
We consulted between 13 June 2023 and 28 July 2023 and received 78 consultation responses from a broad range of stakeholders (see *below*) and the non-confidential responses are published here

Appendix 1 – Consultation Response Stakeholder Composition

The following provides an overview of the broad range of respondents split by stakeholder classification.

There is one notable omission, and so we plan to directly engage to obtain views i.e. interconnector developers.

We are also in the process of a tranche of direct engagement with industry investors to obtain their views.



Connections Reform Phase 2 Consultation Responses

Foundational Design Options and Key Variations

The majority of stakeholders who provided a clear view agreed with our initial positions on the three foundational design options and five key variations. This includes:

- Agreement with our initial proposal to not separate capacity and connections and introduce auctions;
- Not mandating centralised deployment of generation and large demand (but future-proof the connections process to facilitate centralised deployment if it were introduced in future).

Target Model Options (TMOs)

The majority of stakeholders who provided a clear view agreed that the options we presented as the shortlist of potential future end to end process models (i.e. the TMOs) were a reasonable range of options. Few alternative options were suggested with no commonality of alternatives.

Connections Reform Phase 2 Consultation Responses

Views on the TMOs

Of the four options presented to stakeholders, there was some outright support for our preferred option (TMO4, comprising an annual early-stage application window and two formal gates).

There was also some conditional/cautious support for TMO4 with the main concerns being:

- Requests for more frequent application windows and/or reduced application window duration;
- More detail on how Reserved Developer Capacity would work in practice (general support for the principle); and
- When Gate 2 occurs (i.e. the gate that allows the opportunity to advance connection dates) – we had suggested this might be when the application for Planning Consents has been submitted but there wasn't any consensus on the most appropriate timing for this gate.

Combining outright support and conditional/cautious support would result in majority support for TMO4.

Minority support for TMOs 1, 2 and 3 and some variation suggestions.

Connections Reform Phase 2 Consultation Response

Quick Wins - On areas we noted as potential quick wins (i.e. an improved Pre-Application Stage and the introduction of a 'Letter of Authority' to submit a connection application), there was near unanimous support and a lot of suggestions about how to design/implement such improvements.

- An exception relates to the Pre-Application Stage fee, where (whilst there was still majority support overall) there were mixed views.

Implementation - Mixed views, with some stakeholders advocating the need for pace, and some noting the need for more detailed development of the end-to-end process and for continued stakeholder engagement.

Transitional Arrangements - Minimal suggestions about the appropriate transitional arrangements before 'go live' of the of the reformed connections process, although some stakeholders provided helpful views.

Next Steps

We have reviewed the consultation responses and will continue to further consider the feedback over the next few weeks to refine our proposals prior to making final recommendations by November 2023.

We will be taking updates to our external governance groups (DPEG and Steering Group) over the coming weeks and we will also be providing updates and running a table session on key topic areas at Customer Seminars on 16 October 2023.



Email us

Box.connectionsreform@nationalgrideso.com

Q&A



Please ask any questions using Q&A function.

Questions and Answers

All the questions were answered during the session except one as below-

No.	Questions	Answers
1	Any view on the breakdown of technologies across the 10 GW included in tranche 1 ?	This is all Battery.

Thank you

Next Agora –

18th October 2023 10:00 – 10:45

Please take the time to give
us some feedback on today's
Agora

