ESO

Annex 1 – Consultation Question Response Summaries

All summaries are of those that provided a view, as some stakeholders chose not to respond to every question.

Please note that the graphs provided within some of the summaries in some cases deduce a position if unclear, although in many cases where it is not clear we have noted as 'DNCAQ' i.e. Does Not Clearly Answer Question. This either means that the answer was unclear, and we have not clarified, or (more commonly) that there was nuance which made it difficult to classify otherwise.

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?

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?

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?

A majority of stakeholders agreed (albeit sometimes with caveats) with the initial recommendations on the Foundational Design Options and Key Variations e.g. that we should only be exploring reformed connections processes comprising gates and windows, and that we should not be further exploring the separation of capacity and connections or the introduction of auctions.

A majority of stakeholders agreed that as part of connections reform we should not be looking to actively change roles and responsibilities within the connections process e.g. between the ESO and Transmission Owners (TOs), or the ESO and Distribution Network Operators (DNOs), that we should not assume greater contestability and that we should not assume a move towards either greater market-based or centralised deployment of generation and large demand, but that the reformed connections process should be future proof for all these things if broader programmes of work take them in that direction. Across each aspect of these questions there were a minority of stakeholders who held a differing view to the initial recommendations as follows.

There was considerable discussion on Foundational Design Option 3 (Central Planning) and some stakeholders felt that we should take a position on the question of mandating either a market-based (i.e. locational signals) or 'centralised' deployment approach (or an approach somewhere between the two) as part of a reformed connections process. However, there were then a variety of views on this, and a notable number of stakeholders raised concerns with a move to a much more marked-based approach (e.g. Locational Marginal Pricing), or to a much more centralised deployment approach (e.g. a centrally planned approach which favours some technologies and/or locations over others), although there was some acknowledgement it could be appropriate in some cases. Some stakeholders were also supportive of a much more centralised deployment approach, and therefore felt that we should continue to explore Foundational Design Option 3 as a potential future reformed connections process.

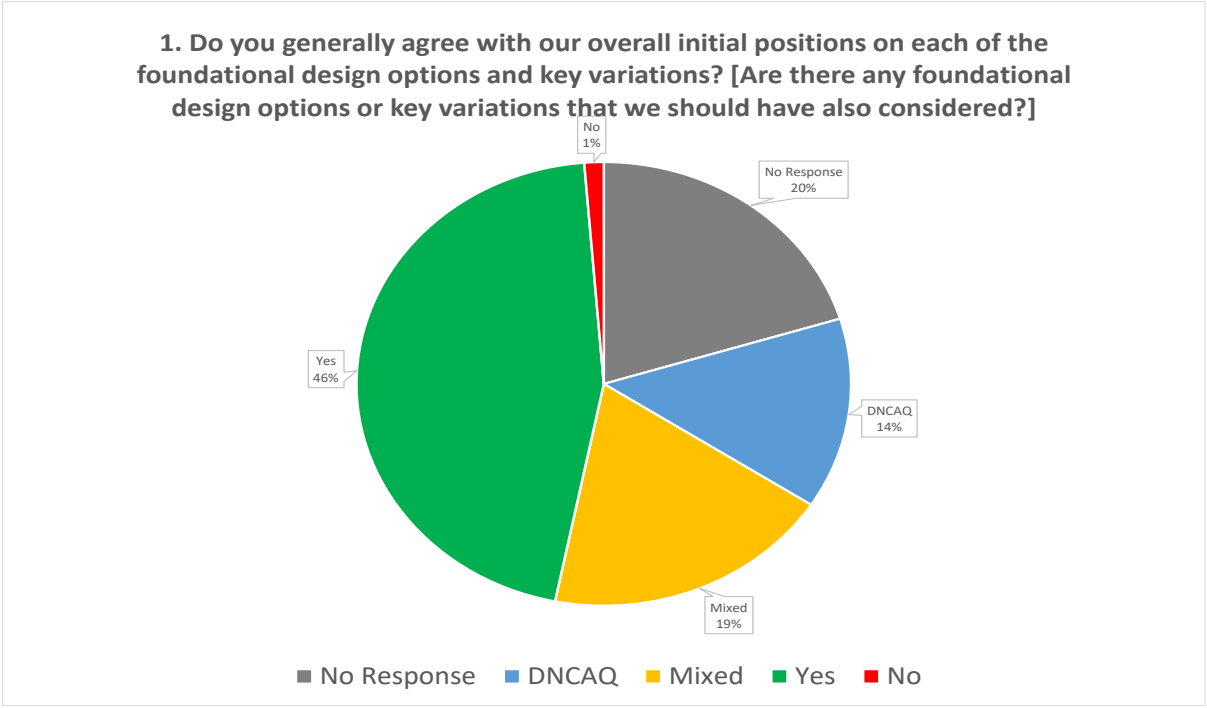
A small number of stakeholders did not support our position on Key Variation 1 and felt that having both the ESO and TOs involved in the connections process led to inefficiencies which should be addressed by a reformed connections process. It is worth noting that some stakeholders also stated that they feel there is a disconnect between the ESO and TOs and DNOs in respect of the connections process.

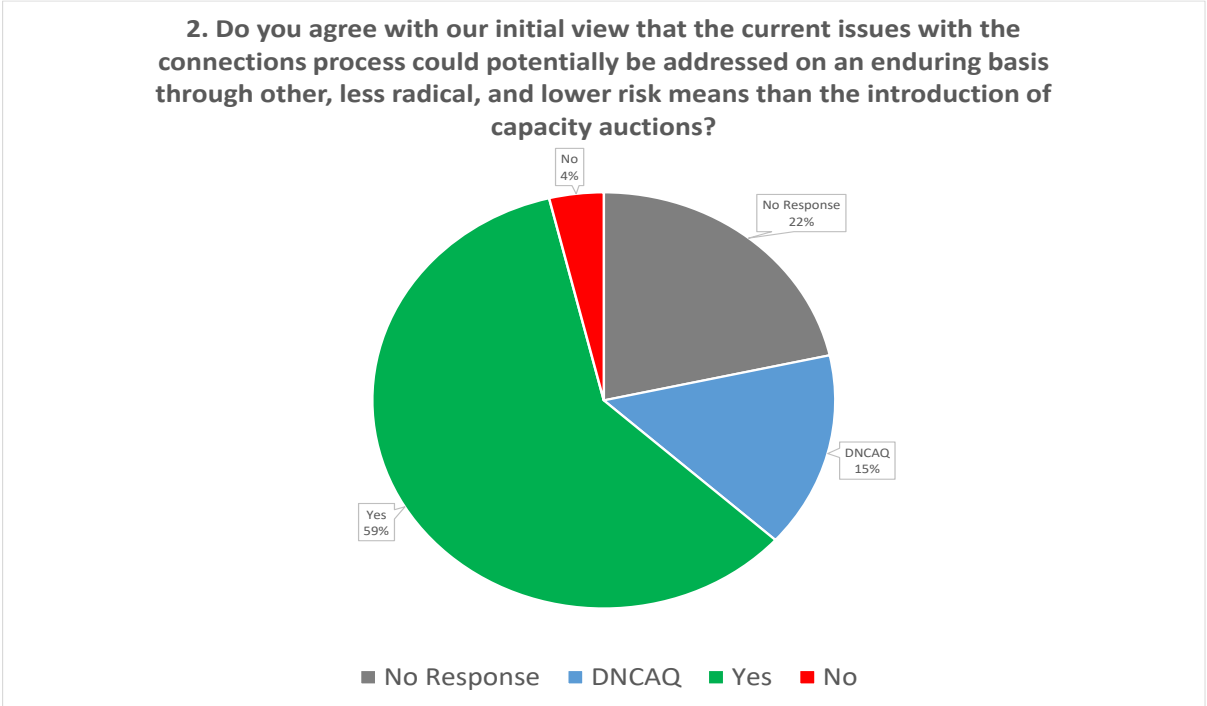
A small number of stakeholders did not support our position on Key Variation 2 and felt that we should be more immediately ruling out the ESO potentially taking on greater responsibilities in relation to the connections design process rather than awaiting a direction of travel via broader programmes. A stakeholder noted that with the Holistic Network Design / Holistic Network Design Follow-up Exercise the ESO is already taking a greater role in the connections design process for offshore projects.

A small number of stakeholders did not support our position on Key Variation 3 and felt that we should be more immediately designing contestability into the reformed process.

A notable minority of stakeholders did not support our position on Key Variation 4 and fundamentally disagreed with the principle of application windows, and they suggested that options with that design aspect should not be considered for further development. Stakeholder concerns with application windows included a slowing down of the connections process and the introduction of bottlenecks, as well as the implementation complexity and timescales, and so the potential for unintended consequences.

A small number of stakeholders did not support our position on Key Variation 5 and felt that the introduction of capacity auctions could be economically efficient and provide signals. As a relevant aside, a stakeholder also noted that capacity and connections could be separated without auctions i.e. in the event that the connections process allocated capacity and connections in a different manner and not necessarily coupled in the same way they are under the current arrangements.





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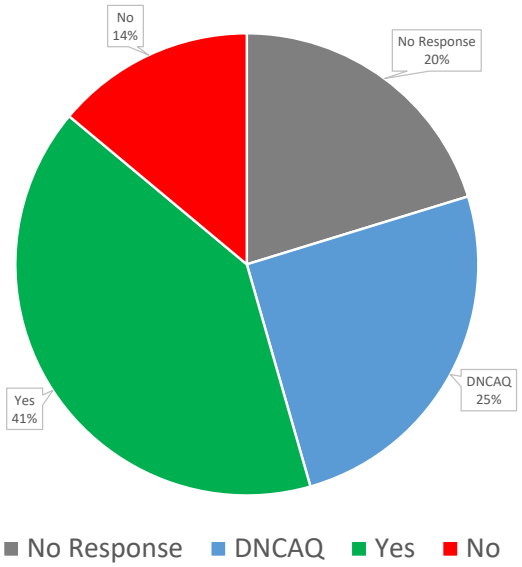


4. Do you agree with our initial recommendation that Target Model Add-on (TMA) A to TMA C should all be progressed, irrespective of the preferred Target Model Option (TMO)?

All stakeholders who responded to this question agreed that TMA A should progress. Stakeholders unanimously agreed that TMA A should progress and there was also a near unanimous agreement for TMA B. One of these stakeholders felt that TMA B would not work within TMO4, but with no rationale provided as to why not. Some stakeholders disagreed with proceeding with TMA C, whilst some felt that TMA C may be progressed, but unlike TMA A and TMA B, it should be treated as lower priority or applied on a voluntary basis.

Some of the stakeholders that agreed TMA A to TMA C should progress provided detailed views as to why they should be progressed and also shared some of their concerns. They mostly felt that these TMAs were crucial and valuable citing that data needs to be timely and up to date and that developers should be encouraged to voluntarily submit available additional information regarding any feasibility studies or other relevant analysis e.g. locational, commercial, etc. In addition, some stakeholders also noted that feasibility studies under TMA C should not be mandated and that the ESO should be the responsible party for these studies. Some stakeholders also expressed concerns about optioneering and its limited benefits. There was also a view shared that the provision of key data would be subject to further ESO and TO Connections Portal integration.

Regarding the Pre-Application Stage process, there was a view that it was not clear whether there would be sufficient time for developers to act on the information received as part of the Pre-Application Stage. There was also a view that it would not be appropriate for the ESO to take charge of this process, as this is a service which is currently available through the DNOs and TOs. It was suggested that TMA C may sit better with trusted third parties even if it means limiting technologies that such parties can advise on.

Overall, stakeholders were quite keen to understand how these proposed Pre-Application Stage would work, including the self-service tools, and how those tools would be updated, especially in light of the recent Transmission Entry Capacity (TEC) Amnesty and Queue Management. There was a view that information provided by developers should be taken account of within the batched assessment phase of TMO4 to identify co-ordinated network connection solutions. Additionally, to avoid process inefficiencies, it was suggested that we could use standard templates and guidance information requirements for the batched assessment phase.

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?

The majority of stakeholders were supportive of the introduction of a Pre-Application Stage nominal fee, mainly because it would provide accountability on developers and encourage them to demonstrate commitment that would help the ESO reduce speculative applications.

Some of the supportive stakeholders advised that this fee must be proportionate and tied to the service level commitments and data access made available, and the fee collected should be reinvested in resourcing up the Pre-Application Stage tools and activities. There was a suggestion that the cost should be deducted from subsequent applications if made within a reasonable time period and that a customer should only be charged for services used.

Many stakeholders who disagreed with this nominal fee (and even some of those in agreement with it) expressed their concerns related to additional administrative burdens, reduced transparency, and increased barriers to entry which may result, and that these could then have potential to outweigh the benefits. One stakeholder felt that it would be suitable for transmission customers and not distribution customers.

Some stakeholders did not provide comments, with some stating that it was difficult to comment on this fee without knowing the type, quality and quantity of information that would be provided through the proposed Pre-Application Stage tools and activities. Some stakeholders queried ‘reasonable time’ requesting that this should be defined, and that we should provide more detailed information on what would be covered by this fee.

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.

Stakeholders generally agreed that TMA A is important, and that availability of open, accurate and relevant data can greatly reduce the current inefficiencies of the connection process. There was a common view that some key data (including DNO data) must be freely available beforehand to help developers make informed choices. Some stakeholders who supported provision of key data emphasised that data must be kept up to date and that we need to provide more details on what data will be available and how it will be accessed and updated.

Some other comments made in relation to TMA A were as follows:

- An ability to visualise the nearest applicant and connection date (and their capacity) should be available sooner as it forms part of the enabling works.
- The transparent publication of the Transmission Queue, a Connection Charge Cost Estimator Tool and historical Asset Data is necessary.
- Increased accessibility to the Connections Portal and the introduction of queue and data visualisation would be desirable.
- Make Key Data public in an easily accessible and consistent format.
- Live application queues pre-signing should be made open and available.
- Plug and play standard offers may be useful and should be considered.

A list of suggested additional key data was as follows:

- Power flow of the network during peak demand, summer demand period and the demand data observed or recorded at each substation / Grid Supply Point (GSP).
- Firm / non-firm constraints in a heat map and availability of cost estimates for works and for estimation of liabilities.
- Information on potential for the connection to trigger third party works with the local DNO.
- Enabling works dependencies should reflect any signed offers.
- Data on available capacity on local private networks.
- Generation profiles and how it can be configured.
- Capacity forecasted geographically.

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

On the Letter of Authority (LoA), duplication check and associated aspects of TMA D, a significant proportion of stakeholders stated that they agreed to all the proposals without elaborating and others did not respond to the question. Fewer responses focussed on the other aspects of TMA D e.g. standardisation of terms and conditions.

TMA D1 to TMA D4

Within the LoA aspects of the responses there was strong support for the introduction of the LoA, either in full (as described in the consultation) or with a few additional considerations. Some stakeholders wanted to also see outline project financing or financial health checks in addition to the LoA to consider whether the project had or was in the process of obtaining the necessary financial backing.

Some stakeholders noted the need to make provisions for circumstances outside of developer control whilst also noting the need to consider how these requirements will interact with other applicant obligations.

There were also requests from stakeholders to provide additional clarity around how duplication checks will work noting that in some circumstances several projects may have the same LoA (i.e. what if multiple technology types apply separately or at the same time at one site), and also noting that one project can have multiple LoAs. Additionally, some queried how these checks will work from a Transmission and Distribution (T/D) Interface perspective, to make sure there are no T/D Interface discrepancies.

This then led to comments from stakeholders on if and how the ESO will verify and validate the authenticity of these LoAs and the resourcing impact of that in any given application window. Some stakeholders elaborated on this point by suggesting that the duplication check should be done at Gate 2.

There was also a notable theme in terms of how offshore projects will integrate/align with some stakeholders suggesting that offshore projects should be exempt whilst others stating that there needs to be an equivalent LoA for offshore (accepting that it cannot be the same) with some stakeholders suggesting a greater alignment between the connections and leasing process in general here being crucial.

Some stakeholders noted that the LoA element (certainly onshore) could be implemented / beneficial to the current process and should not wait for the reformed connections process implementation timeline.

Overall, whilst there was strong general support for the implementation of the LoA, it was clear that the ESO should now focus on detailed design of the process ahead of timely implementation. The same strength of feeling was that whilst the LoA initial recommendations are a good idea, developers are not in a position to provide any additional clarity beyond the LoA at application stage and there was very little support for any actions that go further than the LoA as an entry requirement e.g. as per the other discounted aspects of TMA D, such as a requirement to have submitting (or been granted) planning consents.

Finally, two responses stated that they disagreed with TMA D as a concept overall (it being a barrier to entry), and one additional response explicitly stated that they were against the notion of the LoA within TMA D.

TMA D5 and TMA D6

There was limited specific response to the initial recommendations for ‘Standardisation of Terms and Conditions’ and/or ‘Introduction of a requirement to accept a standard form contract’ but there was tacit support to pursue further with one stakeholder noting the need to bring these up to date with the technologies that are currently connecting to the system.

The main comments from those that provided a specific view were related to a need to work through the detail and see where standardisation can be achieved across the network companies, accepting that there is no one size fits all approach and that there will be geographical and technology variations and that TOs should still retain the right to apply non-standard clauses where it is necessary.

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?

A majority of stakeholders agreed with the initial recommendation that it is right to wait until the impact of the 5-Point Plan is known before forming a view on whether further changes are required, as considered for TMA E.

Of the notable minority of stakeholders who held mixed views or disagreed, much of the disagreement related to a view that more should be done now in respect of leveraging the options available to endeavour to further advance connection dates. Other disagreement related to a view that if we were not doing more now, we should instead be working up options (or a 'Plan B') now for what additional options we might progress in future once the outcome of the 5-Point Plan is known. A couple of stakeholders also felt that there was not enough information to form a view and others did not provide views.

There was also some nuance in some of the stakeholder views in that some stakeholders called for the Anticipatory Investment aspects of TMA E to be more immediately implemented i.e. rather than awaiting the outcome of the 5-Point Plan or a reformed connected process, Anticipatory Investment should be more immediately progressed via the connections process.

There were a handful of notable views which were less commonly expressed, such as that Connect and Manage and the Security and Quality of Supply Standards should be more broadly reviewed, or that enabling works should not apply to relevant embedded generation.

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

A majority of stakeholders agreed with the initial recommendation to proceed with TMA F1, TMA F2 and TMA F3. However, support was caveated on the basis of criteria needing to be clearly defined and transparent with one stakeholder proposing the introduction of a Matrix Total scoring methodology for each 'priority project'.

Additionally, some of these stakeholders noted that any acceleration of projects should not detrimentally impact those in the queue who are sufficiently progressing towards their connection date and a need to ensure Distribution connected projects and different technologies not negatively impacted with two stakeholders proposing compensation for those decelerated through no fault of their own.

Some stakeholders proposed which types of projects should fall within TMA F1 and/or TMA F2 including projects such as the co-location of wind generation with hydrogen production, offshore wind, Energy from Waste facilities and storage (particularly that which offers stability services). However, there were a minority of views expressing that Government should not be determining the projects to be progressed and that centralised intervention may undermine investor confidence, and there were concerns over the potential for excessive lobbying from industry.

Some stakeholders also asked how each of TMA F1 and TMA F2 would interact with TMA F3 with some of these stakeholders arguing that priority projects under TMA F3 should take precedence and other suggestions including TMA F1 and TMA F3 being combined by government identifying priority projects and fast tracking the planning consents of such sites. One stakeholder argued there was no need for priority projects as all projects should be provided with instant access to the system and the constraint costs of that then managed, minimised, and socialised. A minority of stakeholders did not support the initial recommendation on some or all of TMA F1, TMA F2 and TMA F3 with the main concern being discrimination between technology type (e.g. negatively impacting those harder to consent projects with longer connection timelines), location, or size of capacity.

A majority of stakeholders also agreed with the initial recommendation not to proceed with TMA F4 as acceleration criteria solely on a project's readiness to connect or its ability to pay, would favour larger portfolio developers or more commercially competitive technologies and could inadvertently rebalance the technology mix. A small minority supported TMA F4 as may enable the implementation of large-scale renewables on the offshore and onshore electricity network at least economic cost.

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

There was majority support for a form of Reactive Queue Management (RQM) with the majority of these stakeholders then supporting the initial recommendation of RQM+. The reasons being that this would provide greater utilisation of the network and provide a more efficient connections process, fill the gap with shovel ready projects rather than projects still some way off connecting that may still drop out, and allow projects to progress without detriment to others.

However, a minority of stakeholders also noted that RQM does not go far enough and support from a minority of stakeholders was also caveated on the basis that distribution projects are not unfairly impacted.

Many of those who supported RQM articulated the issues they see with Proactive Queue Management (PQM). In summary they argued that PQM is unfair as the risk of this acceleration sits either with consumers (in terms of additional constraint costs or reduced system operability) and/or existing contracted schemes who are meeting their milestones (in terms of potentially pushing back their connection date as a result of an accelerated project taking their place in the queue). A minority of these stakeholders noted that PQM undermines investor confidence (which could result in viable schemes being terminated).

One stakeholder proposed a variation of RQM where available capacity is offered to all in a connection queue and interested parties would submit updated/revised timelines and project plans which are then assessed by ESO to determine the most appropriate project to accelerate.

There was minority support for PQM on its own as it allows projects to advance more efficiently and timelier where capacity exists, and this could have a greater impact than either of the RQM options. There was also minority support for RQM+ if PQM were then to be the final destination and one stakeholder suggested applying PQM throughout the later Queue Management milestones.

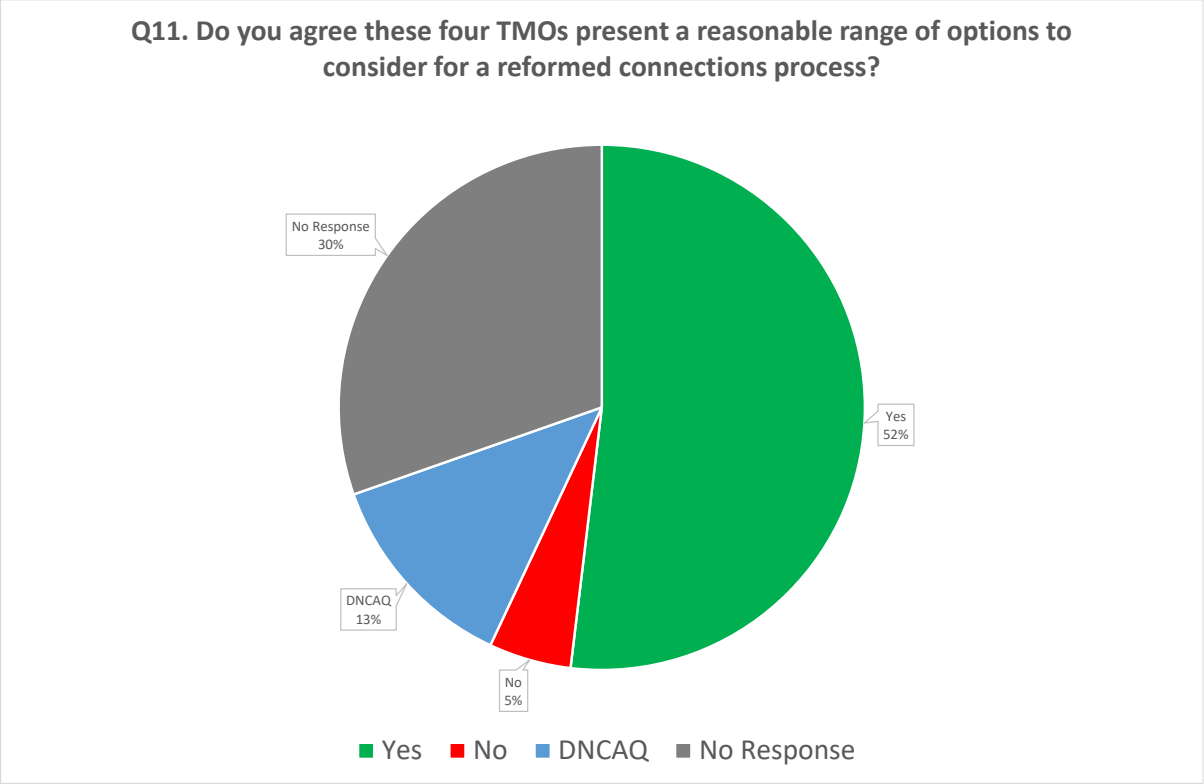
One stakeholder argued there should be no queue and instead there should be open access to the system.

Some stakeholders urged the need for details and some of these suggested applying real-life scenarios to each of these options, which will help some stakeholders decide which option they favour with one stakeholder suggested a matrix of benefits for the transmission/distribution system and for consumer costs to be also applied to project queues. Other general points made by some stakeholders, which need to be considered further are:

- Interaction with priority projects as envisaged under TMA F e.g. would advancement of one project under one of the TMA F provisions mean pushing another project's connection date back.
- Ensuring Queue Management will allow for a diverse acceleration of projects across the network, without prejudicing other longer lead consenting projects.
- Ensuring suitably challenging milestones and developers being held to those milestones.
- Ensuring this will be applied fairly and consistently to new and existing projects.

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

A majority of stakeholders agreed that the four TMOs present a reasonable range of options. Of the small number of stakeholders who did not it was felt that a broader range of options should have been considered and alternative suggestions for what could constitute a more reasonable range were provided. For example, TMO variants with different frequencies and durations of application windows, and additional gates, etc.

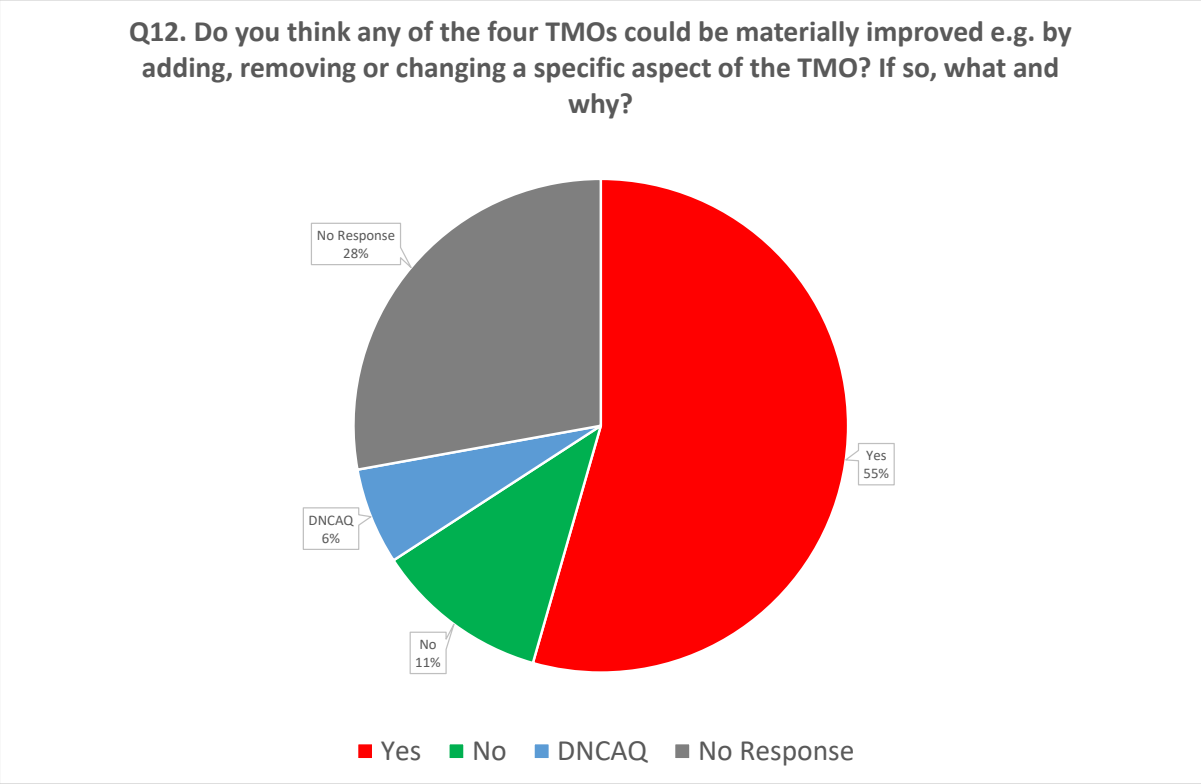


12. Do you think any of the four TMOs could be materially improved e.g. by adding, removing or changing a specific aspect of the TMO? If so, what and why?

Several stakeholders made suggestions about how one or more of the TMOs could be materially improved. Examples of such views are as follows.

- A stakeholder suggested TMO1 would be improved with a quicker time to offer i.e. less than 3 months.
- A few stakeholders suggested that the TMOs would be improved with PQM (rather than RQM/RQM+).
- A few stakeholders stated that the TMOs could be improved by included Independent TOs.
- A few stakeholders suggested the TMOs would be improved by higher requirements at Gate 1 and/or Gate 2 i.e. some form of financial/project viability health check to pass Gate 1 or securing an option for land rights and providing a letter of intent from a funder to pass Gate 2.
- Several stakeholders noted that connection location/date and connection cost certainty being provided at Gate 1 (prior to significant developer cost/effort in the consenting process) would improve the TMOs.
- Several stakeholders noted that resourcing, performance and timely investment would all improve the TMOs. Therefore, several stakeholders suggested that timescales being in licence and/or code would be an improvement for the TMOs and that there should be sharp incentives for delivery on network companies, including the ESO.
- Some stakeholders suggested that within TMO4 we consider dynamic inter-batch queue management to avoid shovel ready projects in later batches being held behind stalled projects in earlier batches.
- Some stakeholders felt there was not enough information on the TMOs to form views on preferences. Therefore, more information on each would be an improvement to allow formation of views.
- Several stakeholders noted that the ‘backstop date’ concept could be changed to (or be supported by) something akin to a ‘best case date’ or ‘best view’ in TMO4 and that the concept of a ‘backstop date’ could then also be introduced into TMO2 and TMO3.
- Several stakeholders noted that TMO2 and TMO3 could be improved if connection location/date and connection cost certainty were provided at Gate 1, and it was also suggested that non-firm offers could also be requested for Gate 1.
- Several stakeholders suggested that increased frequency of application windows and/or reduced duration of application windows could be beneficial within TMO3 and (especially) TMO4.

- Some stakeholders noted that applying Reserved Developer Capacity (RDC) to TMO2 and TMO3 and allowing projects to progress straight to Gate 2 in some circumstances could improve those TMOs.
- Some stakeholders noted that there could be improvements to connection costs and connection cost allocation within the process across the TMOs.

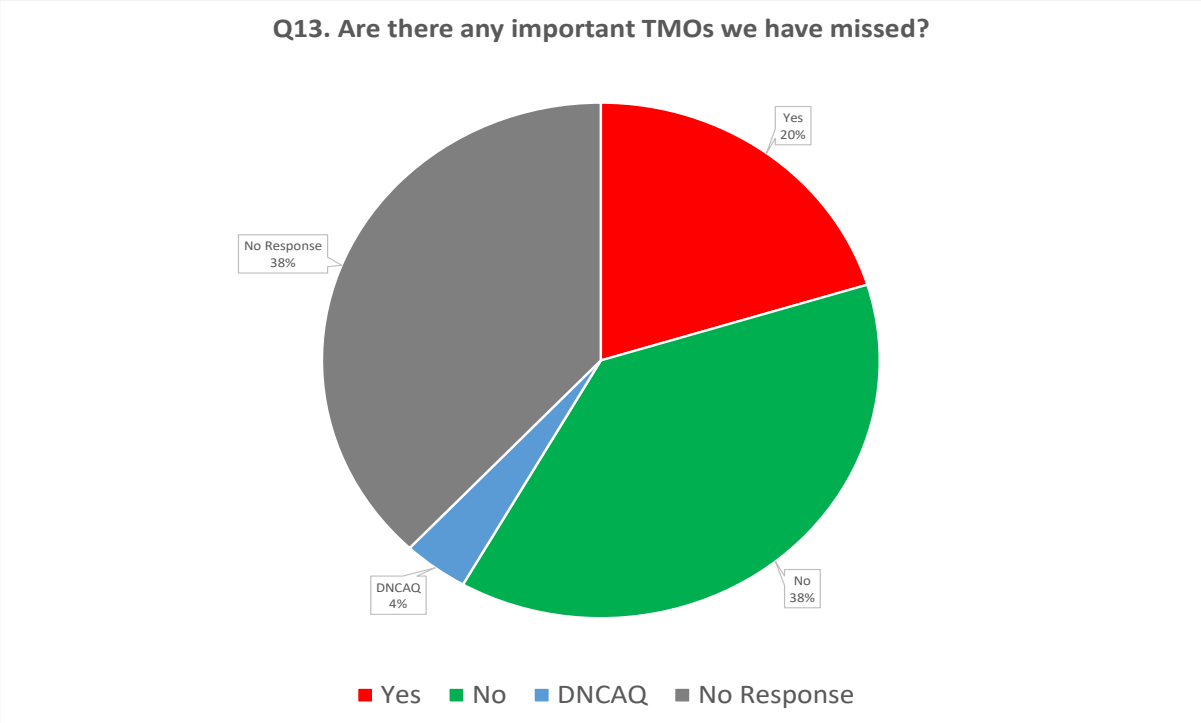


13. Are there any important TMOs we have missed?

Several stakeholders made suggestions about additional TMOs. Where these suggestions are building upon or amending the existing TMOs we have noted them in response to Question 18.

However, a handful of suggestions were considerably different to the TMOs presented and we have recorded examples of those as follows.

- An 'Amended Key Variation 5' whereby non-firm connection offers are provided to all projects, project progress is monitored, network reinforcements are planned on a probabilistic risk-based approach, resulting constraint costs are socialised and network reinforcements are then undertaken to minimise constraint costs based on the projects actually in construction. This would result in open access to the system without a queue and a form of auctions would be utilised in relation to capacity allocation.
- A process where projects are allocated into multiple tracks based on an assessment of application merits at Gate 1 against fixed criteria to provide the ability to accelerate strategically important projects ahead of a less strategically important projects within a second track that follows a first come, first served approach.
- A process where projects continue to apply as and when they wish but they become associated with a set of planned anticipatory reinforcements and once the unlocked capacity from those reinforcements is reached applications are then closed for a region until those reinforcements are complete and a new set of anticipatory reinforcements are planned for the region.
- A 'Matrix of Benefits' approach to project prioritisation with those who score most highly being those which are prioritised e.g. those best providing a decarbonised, stable and operable system.



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?

Some stakeholders supported the initial recommendation that 'Submit (Planning) Consent' was an appropriate milestone for Gate 2 as this was a realistic and achievable milestone for developers to reach, although some acknowledged the risk that there is no guarantee that the developer will actually obtain Planning Consent. Some of these stakeholders also noted that 'Obtain Planning Consent' would be too late in the development cycle from a developer risk perspective. A minority of these stakeholders caveated their support though - one stakeholder suggested seeking additional evidence of application validation by the relevant planning authority or consenting body; another stakeholder asked that the ESO and TOs commit to conducting early phase studies triggered by meeting Queue Management milestones; and one stakeholder asked that the Gate 1 connection offer includes a 'best date'.

However, some stakeholders argued for a Gate 2 requirement earlier than 'Submit (Planning) Consent' and these stakeholders noted the challenges of seeking planning consent without knowing the actual connection date and how this could increase development costs. Those stakeholders felt that an earlier milestone was more appropriate with suggestions including a positive response from the Pre-Application Stage process, screening opinion from the Local Planning Authority, commitment to submit planning application within 'X' months (suggested as 6 months) of receiving the confirmed connection date following Gate 2. Also some stakeholders noted that some technologies e.g. offshore wind, face longer consenting timelines so would be at a disadvantage to other technologies that can deploy quicker e.g. solar, battery energy storage systems. To mitigate this, a stakeholder (who submitted a confidential response) suggested a checklist where developers could select the most appropriate milestone(s) based on their technology / planning consent type.

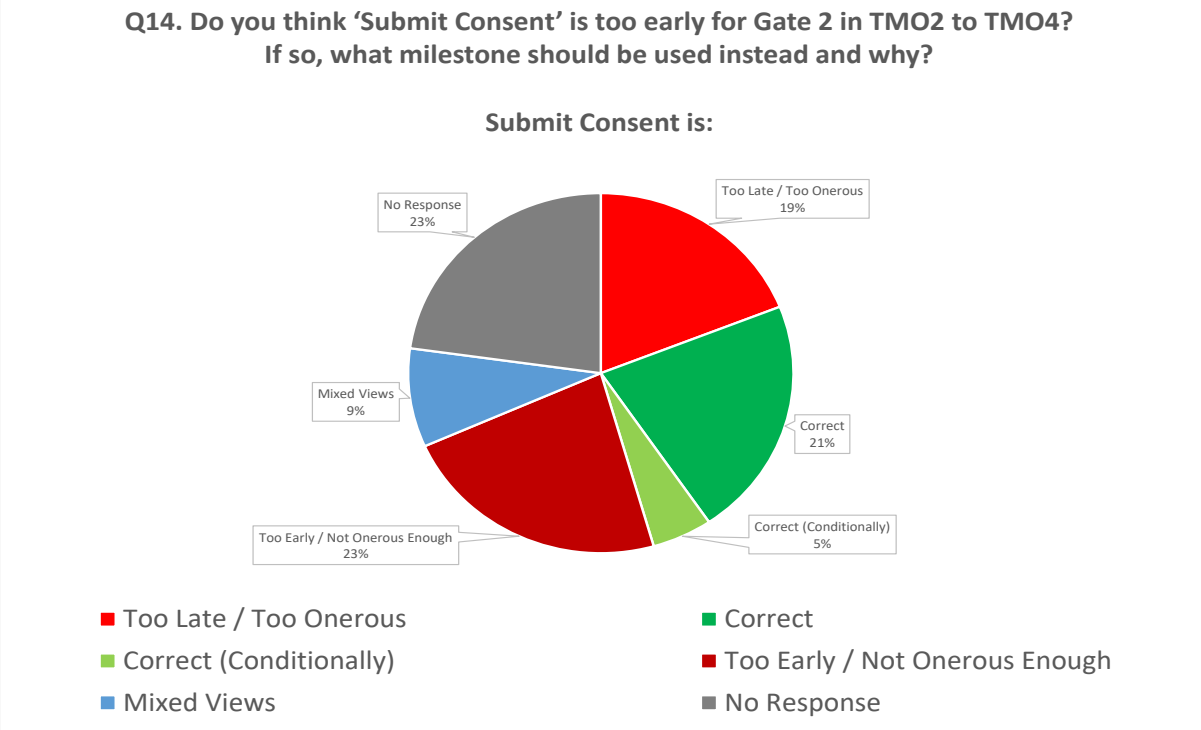
Conversely, some stakeholders argued for a more onerous or later requirement for the Gate 2 milestone than 'Submit (Planning) Consent', with the majority of these stakeholders arguing 'Obtain Planning Consent' is better as this provides more certainty on whether a proceed is viable and a milestone of 'Submit Planning Consent' could incentivise rushed applications just to get to Gate 2 with no guarantee on the viability of a project. A minority of these stakeholders suggested an approach that was more onerous than 'Submit (Planning) Consent'.

However, they stopped short of 'Obtain Planning Consent' e.g. 'Submit (Planning) Consent' plus Agreement of Heads of Terms with the landowner, a financial health check for the project or a Letter of Intent from a funder to evidence financial viability. Some of these stakeholders suggested that 'Obtain Planning Consent' could be a Gate 3 requirement where 'Submit (Planning) Consent' remains the requirement for Gate 2.

A small minority of stakeholders offered no definitive view but merely opined on the challenges of finding the most appropriate milestone.

Other general comments were as follows:

- Some stakeholders noted a misalignment between connection dates and planning processes e.g. some developers will be required to submit planning consents earlier than they need to and this could result in planning consent expiry and a need to re-apply, adding cost and additional stress on planning authorities.
- Some stakeholders asked that we are clear on what we mean by submit planning consent and given this confusion a small minority of stakeholders believed Gate 2 equated to obtaining planning consent rather than 'Submit (Planning) Consent'. We have clarified this directly with those stakeholders.
- One stakeholder noted that some sites do not need planning consent and Gate 2 must account for that in practice to avoid unintended consequences.



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

There was a notable level of support for TMO4 and there was also some conditional/cautious support for TMO4. Combining the outright support and conditional/cautious support results in majority support from stakeholders for TMO4. However, this presupposes that some of the proposed changes to TMO4 (as considered here and further considered in Question 18) can be adequately addressed to unlock this additional support for TMO4.

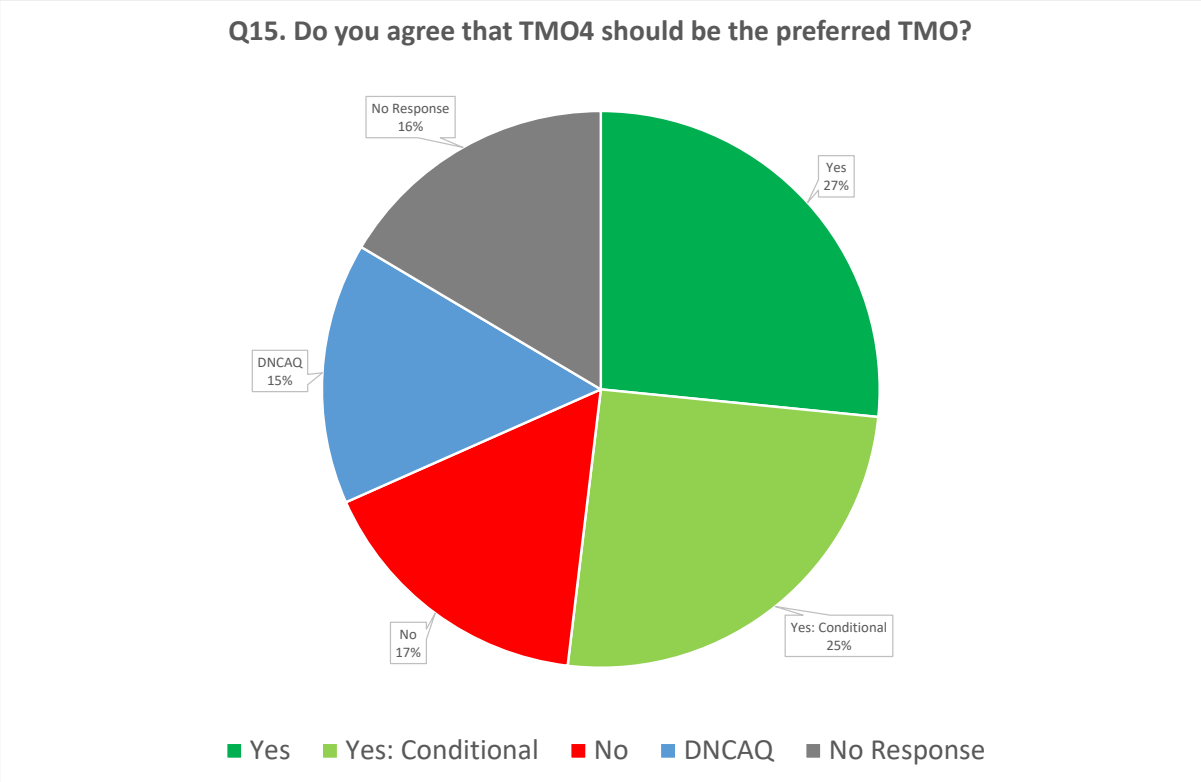
The more material stakeholder-proposed amendments associated with the conditional/cautious support for TMO4 included more frequent applications windows and/or reduced application window duration, although the focus of the feedback was mostly on how frequently the process should run rather than how long the process should take once it has commenced.

A bi-annual application window was the most common suggestion, although there were also suggestions that they be every 9 months, every 4 months, every 3 months or every month, and in one case a suggestion they start every 9 months prior to be reduced to every 6 months once the process is fully established in future. The conditional/cautious support also included stakeholder requested changes to the capacity allocation and reallocation arrangements at Gate 1 and Gate 2, including in relation to the T/D Interface in respect of RDC e.g. several stakeholders suggested a move away from the 'backstop date' concept to provide a 'best case date' or 'best view' in addition to (or instead of) the backstop date, and several stakeholders suggested refinements and improvements to the concept of RDC.

There were also some comments and questions about the practicalities of a batched, co-ordinated network design based on attrition and anticipatory investment Construction Planning Assumptions e.g. what happens if there is more or less attrition in practice than assumed and what impact (if any) could this have on connection dates, how do projects in different windows interact in respect of queue position, how do application windows interact with other aspects of the market such as the Capacity Market and project development programmes, what happens to the recommended design in the event that projects later terminate and/or the attrition assumptions out-turn to be materially different in reality, etc.

Some stakeholders also asked for clarity on how Modification Applications would be treated in TMO4.

There was also minority support for the other three shortlisted options and some other variation suggestions. The former are further considered in Question 18 and the latter were further considered in Question 13.



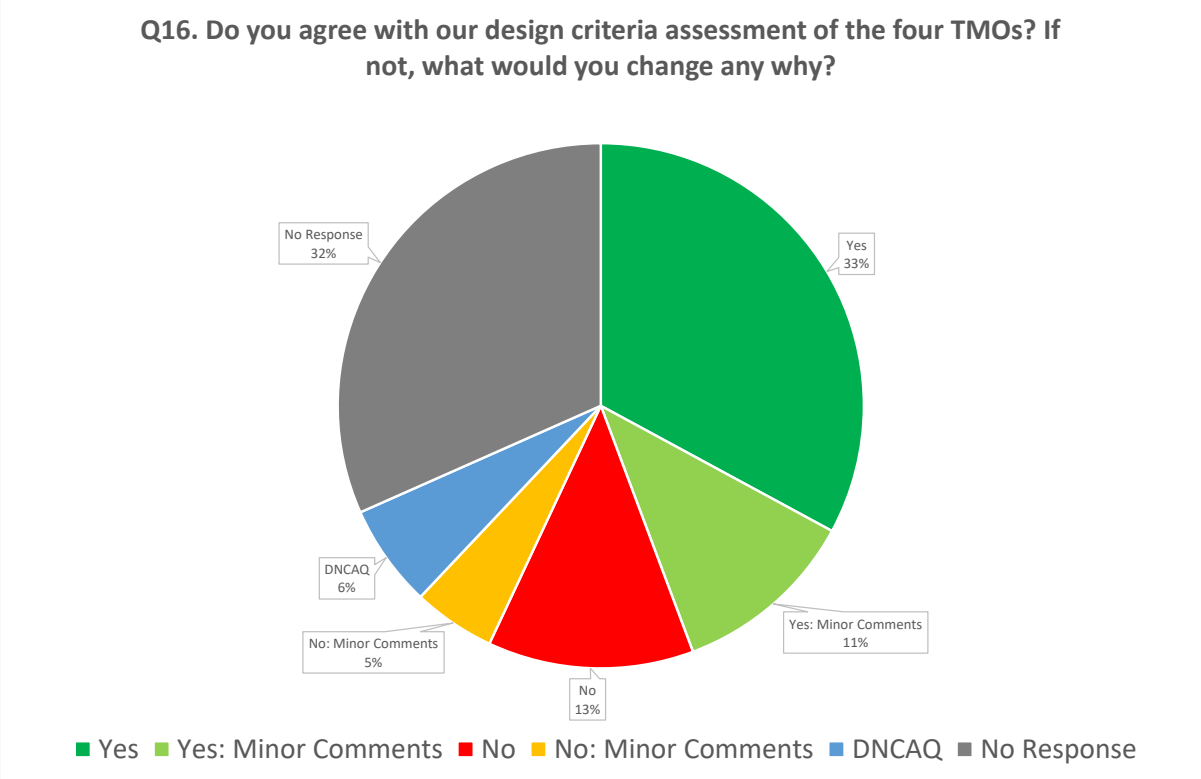
16. Do you agree with our design criteria assessment of the four TMOs? If not, what would you change any why?

The majority of stakeholders agreed with the design criteria assessment, although some of those who agreed provided minor comments e.g. there was a suggestion that the criteria underplay the importance of accelerating connection offers in order to help meet Net Zero and the Government's decarbonisation requirements.

A minority of stakeholders disagreed (in full or in part) on aspects of the design criteria assessment and reasons for this were as follows.

- There was a suggestion we have applied an optimism bias to TMO4 and a pessimism bias to TMO1 to TMO3 resulting in a skewed assessment and scores. Related to this, there was a suggestion (based on a detailed review of the scoring) that aspects of the scoring on TMO4 should be reduced relative to TMO3 and that aspects of TMO3 should be more highly scored relative to TMO4. It was suggested that the result of these changes would be to show that TMO3 is instead preferred to TMO4.
- There was a suggestion we have assessed the TMOs from an ESO perspective and not a developer perspective, resulting in a skewed assessment and scores.
- There was a suggestion we have assessed the TMOs from a Transmission perspective and not a T/D Interface perspective, resulting in a skewed assessment and scores.
- There was a suggestion that time to be provided with a connection offer should be scored.

- There was a suggestion programme/delivery risk was not fully accounted for in the scoring resulting in optimistic scoring for TMO4. Conversely, there was a suggestion that the TMO4 implementation scoring was overly pessimistic.
- There was a suggestion scoring without considering the impact on the contracted background of any transitional actions presents an incomplete picture.
- There was a suggestion the criteria should not be equally weighted as some may be more important than other in relation to the overarching objectives of connections reform.
- There was a suggestion that a more detailed cost-benefit analysis is required and that there should be more quantitative data within the assessment and scores.



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

There were a variety of diverse views on the stated benefits and key challenges in relation to TMO4.

Several stakeholders agreed with our views on the key benefits, especially citing the increased potential for a more co-ordinated network design and the increased potential for anticipatory investment for connections. (However, some stakeholders highlighted there could be other ways to achieve this other than via TMO4.)

Several stakeholders agreed with our views on the key challenges, especially citing the frequency and duration of application windows and raising concerns about the potential for processing delays. As part of this, concerns around process resourcing were raised by some stakeholders, especially in relation to workload peaks.

Several stakeholders also highlighted challenges with the interaction of Gate 2 and planning consents validity timescales i.e. that consents could expire prior to any advanced connection date being deliverable in practice, and this is further considered in response to Question 14 above.

Many of these stakeholders specifically referred to the challenges created by application windows for relevant embedded generators; there were also mixed views on whether RDC then had the potential to address these challenges is a satisfactory manner, as is further considered in response to Question 20 and Question 21 below.

Some stakeholders highlighted additional key challenges related to the interaction between different application windows and the network design within those application windows, including in relation to queue management, as is further considered in response to Question 10 above.

Some stakeholders highlighted that a more quantitative assessment is required in relation to costs and benefits.

Some stakeholders suggested an ESO bias in the identification of the key benefits and key challenges and felt that from a developer perspective there are additional challenges e.g. some of those referenced further above.

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?

Several stakeholders made suggestions about a better TMO than TMO4, as presented in the consultation.

In many cases, these suggestions came from stakeholders who prefer TMO4 and so their suggestions were for an improved version of TMO4.

In other cases, where stakeholders did not prefer TMO4, their suggestions were for another TMO, an improved version of another TMO, or a completely different approach e.g. as considered in Question 13.

Examples of suggestions in response to this question are as follows.

TMO1

- Some stakeholders suggested that TMO1 is preferable to TMO4. Reasons included that it is simpler and quicker to implement, that more radical changes could have unintended consequences and that it goes further than necessary to resolve the current connections process and connection dates issues, assuming the 5-Point Plan is delivered in good time.
- It was suggested that TMO1 could be improved e.g. through resourcing improvements, alongside timely infrastructure, including anticipatory investment, and the introduction of queue management with tighter penalties for missed milestones and a material fee or bond for connection contract acceptance.

TMO2

- Some stakeholders suggested that TMO2, potentially with a fuller/firmer offer at Gate 1, would be preferable to TMO4. There was also a suggestion that TMO2 could be further improved with a live network model being available to inform connection applications and network design activities.

TMO3

- Some stakeholders suggested that TMO3, potentially with a fuller/firmer offer at Gate 1, would be preferable to TMO4. Reasons included that it is more balanced between developers (who can continue to apply on an ad-hoc basis as they can do under the current arrangements) and network companies who can undertake co-ordinated design activities at Gate 2.
- Some stakeholders suggested there could be merit in either TMO3 or TMO4 and as such provided some level of support for both TMO3 and TMO4, which in some cases was conditional upon there being amendments to those TMOs e.g. as above in respect of TMO3.

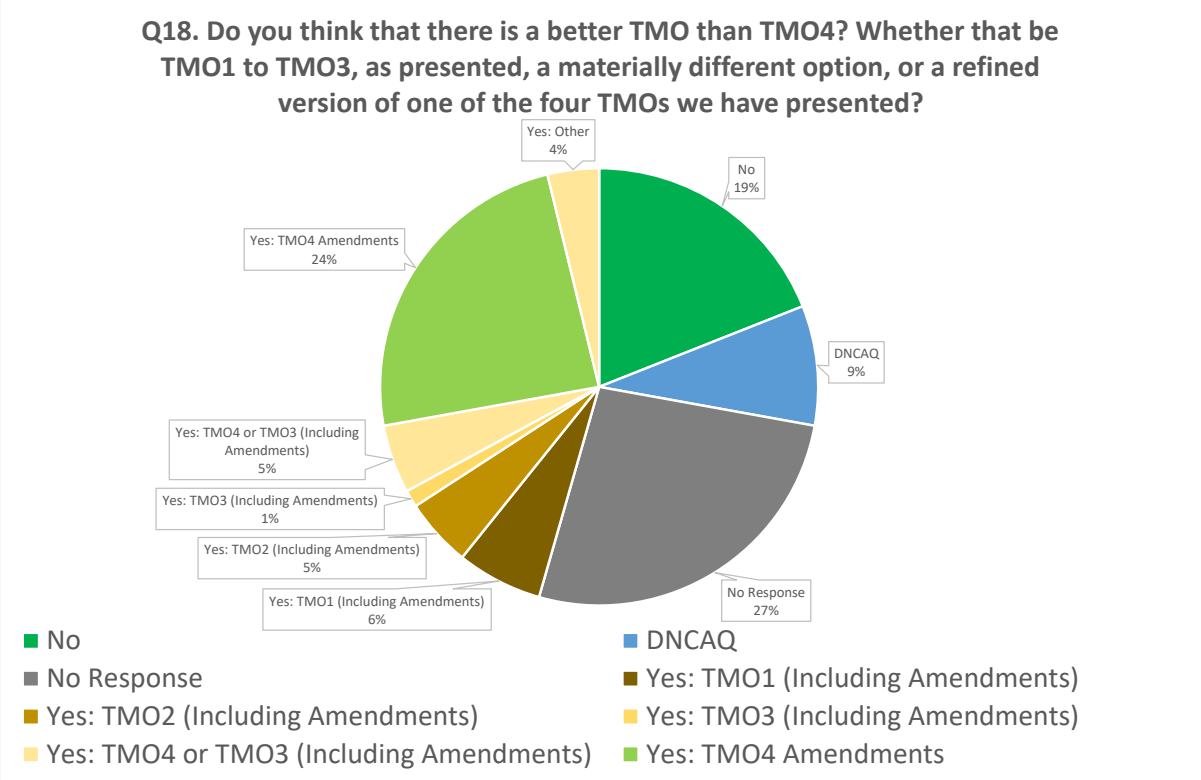
TMO4

- Some stakeholders suggested changes to the frequency and/or duration of application windows in TMO4, as mentioned in Question 15. However, there were also many TMO4 improvement suggestions related to TMA variations e.g. PQM rather than RQM+, higher requirements to enter the connections process than the LoA requirement, or additional obligations on network companies to deliver to their committed work delivery programmes, etc. Additionally, some stakeholders suggested that more work is required on the concept of RDC within TMO4 to ensure that RDC is fully effective. Stakeholder views on RDC are summarised in Question 20 and Question 21.
- It was also suggested that an alternative approach to Gate 1 and Gate 2 in TMO4 could be that the queue continues to be formed at Gate 1 but by the connection date requested and linked in part to what connection date is possible for each developer within the co-ordinated network design. This removes the concept of a backstop date, as the connection date provided at Gate 1 would be the connection date, unless it could be advanced through RQM+ (or an earlier non-firm connection) at Gate 2. In this alternative approach developers would be incentivised to request connection dates they could realistically deliver with the assumption being contract milestones associated with queue management will deter speculative connection date requests being submitted with the aim to obtain an earlier queue position than others requesting later (but more realistically deliverable) connection dates.

- There were suggestions that TMO4 with elements of central planning could be beneficial, including from some of the stakeholders who were more supportive of the related Foundation Design Option 3.
- A specific comment worth highlighting in respect of a TMO4 enhancement relates to ensuring a much more robust application submission and competence check process relative to today as this becomes significantly more important where there is a cut-off point for applications, as would exist in TMO4.
- It was suggested that TMO4 could be improved by introducing a new Gate 3 to provide advancement (rather than Gate 2) when projects receive planning consents, as 'Submit (Planning) Consent' at Gate 2 is too early in the process.

Other

- Across all TMOs there were considerably mixed views on Gate 2. These views were summarised in response to Question 14 and are not repeated here.
- Some stakeholders noted the potential volume of combinations between TMOs and TMAs and noted these different combinations could have different implications and outcomes.
- A Pre-Application Stage innovation window was suggested where developers could propose innovative ways to advance their connection date for consideration within the network design exercise.
- It was suggested that the TMOs should apply to interconnectors, and this would be an improvement.



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

Fewer than 50% of responses answered this question, but a majority of those who provided a response agreed with our view on DNO Demand. However, there were some caveats added and some suggestions as to how it can be improved, or what could be considered to make it work better, such as:

- Having a single TEC and demand register.
- Alignment of Future Energy Scenarios (FES) with Distribution FES (DFES) and noting that this may mean moving from Week 24/48. Forecasted demand uptake at each GSP could be communicated within the Week 24/48 process.
- For TMO1 to TMO3, it should be the same process for the DNO as it is for others e.g. where there are already existing GSPs that are connected, Gate 1 could be bypassed where already consented.

Some stakeholders suggested that a collaborative approach would need to be undertaken to establish the advantages and disadvantages of this approach. There were concerns that an annual window would be a blocker to large demand projects getting a speedy response on their connection date and that it will not work for DNOs. There was also request for clarification as to consents required to achieve queue position at Gate 2 whether developers, DNO substation, or both.

It was advised that before progressing with the chosen TMO, the DNO and ESO process should be appropriately modelled, and sufficient confidence should be established that DNOs can apply for required connections to meet their queue and connection date needs. Also, views were provided that whatever approach is taken forward must be consistently applied to all parties.

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?

There was quite a wide range of views in relation to appropriate mechanisms to incentivise accurate forecasting of requirements for DNOs and how we can avoid more RDC than necessary, but the more prevalent was concern with DNO forecasting capabilities, incentives and resources, and DNOs ultimately having less RDC than required.

Also, some stakeholders were eager to know how RDC would be defined, calculated, secured and managed and how much capacity could be made available to the DNOs through this process i.e. further information on the mechanics of RDC were requested at the next level of detailed design for the process.

Regarding DNO forecasting capabilities, there was some suggestion that RDC may not solve the core underlying issues but, if it is to be used, it must be robust, transparent and agreed across all DNOs. Potential issues raised by stakeholders related to under or over requesting RDC, or requesting the correct aggregate level of RDC, but getting the technology split wrong, as well as the need for more incentives to encourage accurate forecasting by the DNOs. In addition, it was suggested that DNOs should be given more definitive guidance to help them determine where and when embedded generation should or should not be included in the process.

Stakeholders made points to be considered when developing the process/implementation of RDC as follows:

- Track planning consents and any signal that adds clarity to a potential project.
- Avoid allocating too much RDC and implement a rule that any unused RDC is lost.
- Avoid allocating too little RDC and avoid inadvertently incentivising DNOs to do so.
- Make any fees 100% refundable for any unused capacity.
- Adopt a scheme that compares capacity requested versus capacity used.
- Include some form of reconciliation of forecasts versus real applications into the process.
- Determine whether there will be cancellation charges for RDC and who the accountable party will be.
- Utilise a gated process that requires evidence of project progress before requesting capacity.
- Endure transparency of application/offer status for embedded generation projects.
- Consider a consistent (and potentially higher) threshold against which projects would be considered as ‘relevant’ in the context of impacting on the transmission system.

Regarding anticipatory investment, it was suggested that DNOs should be permitted to invest in the network ahead of need and this should be reflected in the RDC they request.

Some stakeholders expressed a view that to develop a sustainable mechanism we must consider external factors that influence forecasts such as government incentives, changes to targets, other industry initiatives and that the mechanism to be adopted would need to be developed alongside these and considered in line with other existing initiatives. Also, it was suggested that the use of Regional System Planners [as named at the time] may be prudent and should be considered in relation to connections reform.

Examples of stakeholders’ proposals for a more efficient approach were as follows:

- The annual increment observed within the DFES scenario could be used as a starting point.
- Two application windows per year negates the need for complex RDC mechanism and would promote accuracy of forecasting.

- RDC could be identified using a similar approach to Week 24 processes (as run for demand) but this is best progressed through industry working groups.
- To align to TMO 4, retain the 'Appendix G Mark 2' as per the Strategic Connections Group work and move Project Progression to a standardised annual process or data exchange, which would include RDC forecast as part of the DFES or connections pipeline assurance processes.

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)?

There were mixed views on the RDC proposals. There was slightly higher support for (i) than (ii) (as above) although there was a general concern raised about the duration and frequency of the proposed application windows. Some stakeholders chose not to provide a view as they felt it was too early to form a view. There was a request for further discussion to consider the interaction or impacts of our proposed process with existing processes and how agreements the ESO sometimes holds with embedded generators will be treated as a result.

Some stakeholders who partially supported our proposal requested further clarification on how we would manage advancement requests for multiple embedded generation projects (down to 1MW), whilst there was a minority view to move to a whole system queue and a suggestion to extend RDC to Independent DNOs.

In addition, one stakeholder expressed their expectation that in their transition to Distribution System Operators the DNOs should have defined limits at GSP interface points to work to and optimise their networks.

There was concern that although RDC could reduce DNO workload it could cause significant delays to projects that apply post-RDC allocation and that there is a possibility of discrimination in the application of the RDC process due to differences in the definition of large, medium and small in Scotland, England and Wales. Moreover, a Grid Code modification looking at this at present was also referenced by some stakeholders.

Some of the stakeholders who supported our initial RDC proposals wanted to know how it would work in practice and highlighted that we need to be mindful of potential issues that may arise from the requirements of proposed TMOs, especially in relation to TMO4.

Other notable concerns were:

- On the impact of application window duration and frequency on DNO Queue Management processes and the progress of shovel ready small and medium embedded generation projects. This was especially the case in relation to projects which need to await the next application window e.g. no RDC available.
- That whilst RDC works in principle there is the potential issue of the DNOs ability to forecast correctly.
- That there are not enough incentive for DNOs to actively use 'non-wire' solutions and this process could cause a shift in the traditional role of DNOs.
- Around how advancement would work from a T/D Interface perspective.
- That in many locations any allocated RDC might be dependent upon significant reinforcement works.

There was some suggestion that non-firm requests should not necessarily be considered at Gate 2 and that the detailed development of RDC must take into account the ongoing development work on 'Technical Limits'.

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?

More than half of those who responded to the consultation chose not to provide a view on this question.

Of those who provided a view, a significant majority agreed with the initial recommendation. The most common reason stated in support was that this provides network design synergies in respect of both generation and demand applications. It is worth noting that some of those who supported the position above stated that their support did not extend to TMO4 i.e. they disagreed with TMO4 in response to Question 15, but they believe that directly connected demand should be treated the same in process terms as directly connected generation within the reformed connections process.

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

As an offshore specific question, this was not answered by all stakeholders.

Whilst the more general stakeholder views broadly favouring TMO4 noted it had more of the benefits proposed by the ESO (including closer alignment to future offshore arrangements), only twenty-three stakeholders provided a view on this specific question. Of those, the overwhelming majority (i.e. eighteen stakeholders) agreed that TMO1 to TMO3 would require a separate process with some noting how more centralised planning would bring about more benefit to this process and others explicitly noting that they were against any models that encourage separate add-ons or bespoke evaluations, stating that offshore should be treated the same as any other technology type irrespective of the chosen option.

One stakeholder, without stating whether they agree or disagree with the question, noted that they did not want offshore wind to be treated any differently to other technology types and another stakeholder followed up on similar themes adding that the connections and seabed leasing processes should be complementary.

Two stakeholders remained unsure or neutral and one stakeholder agreed with the TMO1-TMO2 part of the question but disagreed that TMO3 would require a separate offshore process without going to further detail on why this might be the case.

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

Similarly to the previous question, only a relatively small proportion of stakeholders specifically answered this question (i.e. twenty-one stakeholders). The overwhelming majority of those (i.e. eighteen stakeholders) agreed that TMO4 is the most aligned but there were numerous caveats and additional comments, albeit none of which detracted from TMO4 being the most aligned option. Some of the more pertinent caveats were as follows:

- More information being sought on how onshore and offshore applications would be integrated.
- What (if any) queue implications there may be.
- The need to align the connections and seabed leasing processes and on what moving to the LoA process for offshore projects could mean in practice.
- What the impact on multi-purpose interconnectors will be (if at all different from offshore wind).

Of the remaining stakeholders who provided views, one stakeholder was neutral, one stakeholder believed that TMO4 had no material benefit over TMO3, and one stakeholder believed that whilst TMO4 is the most aligned for offshore it does not go far enough it its scope.

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

Eighteen stakeholders provided a view on this question, with six stakeholders having no additional suggestions, one stakeholder citing their neutrality and one stakeholder noting that the alignment of connections and seabed leasing needs to be the focus.

Of the remaining stakeholders who provided a view, the key themes were as follows:

- The alignment of offshore to the wider industry initiatives such as the Future Framework published as part of the Offshore Transmission Network Review.
- The possibility of providing grid connection offers as part of seabed lease award or conversely needing a seabed lease award to enter the connections process.
- The possibility of DNOs not needing to apply for very small projects which will not have an impact on the transmission system.
- How the existing arrangements (e.g. application fees and user commitment) may fit in.
- How onshore and offshore will be integrated generally speaking but also specifically in relation to how LoAs and Gate 2 thresholds may differ noting the variances of complexity between offshore wind and other technology types.

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?

A significant number of stakeholders (i.e. thirty-six out of seventy-nine) did not answer this question and a number of those who did answer needed further detail, notably including whether or not the competition model will be early or late and further understanding of the links between the centralised strategic network plan and the connections process.

Thirty-one stakeholders did on balance agree with the initial recommendations, with a minority of these adding that design time at an earlier stage could help reduce uncertainty which is a potential barrier to competition and allows for more checks to correct/adapt any design work and make it fit for purpose.

Only seven stakeholders disagreed with the initial recommendations given the potential wasted effort in designing ahead of certainty of which projects will progress to construction and two stakeholders argued that TMO4 will decrease rather than increase competition.

A minority of stakeholders, including some who supported the initial recommendations, were unconvinced that TMO4 necessarily was the most aligned to network competition with some of these stakeholders noting that network competition can still be implemented under one, some or all of the TMOs.

Also, a minority of stakeholders, including some who supported the initial recommendations, expressed concern that the introduction of a competition model brings with it the risk of delay from running a competitive tender and introduces barriers to large scale procurement.

Three stakeholders argued that during the assessment window an option to use an Independent TO should be offered to deliver and adopt any connection assets, whether these would originally be privately owned or owned by the host TO.

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?

Of the stakeholders who specifically expressed support (or otherwise) for TMA H to TMA S inclusive, a majority of these stakeholders supported the initial recommendations.

However, support was tacit in some cases and some stakeholders offered comments explaining their position and/or suggestions for the ESO to consider when developing the TMA H to TMA S inclusive.

The general theme was that there is a need for more clarity and ensuring that certain technologies or groups of customers are not negatively impacted. A minority of stakeholders also argued it is too early to confirm support (or otherwise) and it depends on the TMO selected.

The following paragraphs outline the themes for each of the TMA H to TMA S inclusive.

<u>TMA H (Structure and Value of Application Fees)</u>

Of those who specifically commented on this aspect, there was majority support for the initial recommendation and a review of application fees was largely welcomed but there was a general ask for further information.

There were mixed views to the initial recommendation related to TMA H1 (Pre-Application Fee) with those who supported this arguing this reduces speculative applications and those who did not support this noting that this would be an additional barrier to entry into the application process. One of those who supported TMA H1 argued that the fee for the enhanced pre-application service should be potentially incorporated into the application fee rather than a separate Pre-Application Stage fee.

A minority of stakeholders suggested aligning with distribution connections and invoice the application fee during the offer assessment process (so as to not delay the ‘clock start’ date) and only release the offer when the application fee is paid.

<u>TMA I (Criteria for ESO to Reject and Application)</u>

Of those who specifically commented on this aspect, there was majority support for the initial recommendation (albeit there was significant minority opposition) but most of these stakeholders did not provide specific comments apart from to say that the criteria need to be clear and transparent, and a minority of stakeholders argued for an independent assessment / audit to ensure fair decisions made.

However, one stakeholder specifically noted there may be benefits to reject based on technology type and another stakeholder caveated their support on applying TMA I only where there is no route to market e.g. for offshore wind where it does not relate to a known future leasing round.

The specific comments mostly came from stakeholders who did not support the initial recommendation, mostly due to concerns with the ESO having an ability to reject a competent application based on a selective assessment and the potential for technology discrimination.

A minority of stakeholders also noted the intention of this being a future proof measure but argued therefore this should be introduced at the appropriate time.

A minority of stakeholders also urged the need for greater rigour around the technical competence assessment in terms of clarity on requirements and assessment timings.

TMA J (Optionality Provided in an Offer)

Of those who specifically commented on this aspect, the majority agreed with the initial recommendation. The concept of optionality was supported by a minority of stakeholders, who provided comments, and they suggested the best time and approach to discuss such optionality.

These suggestions included at the Pre-Application Stage to minimise unnecessary design work by the TOs, and having reviews in the offer development process, and one stakeholder suggested having a separate gated process rather than being explicitly stated in a connection offer.

However, a small minority of stakeholders noted the implementation and resource challenges and a different small minority of stakeholders advocated for an Independent TO approach, which they argued be inherently more collaborative and produce effective and efficient options.

TMA K (Capacity Products in an Offer)

Of those who specifically commented on this aspect, there was majority support for the initial recommendation as products need to be more transparent and simplified and offers quicker and more innovative ways to connect to the system.

However, there was a need for further information on defining both Transmission Import Capacity (and a minority of stakeholders urged the need for a corresponding register) and ‘non-firm’ access arrangements, which need to be consistent across distribution and transmission. A minority of stakeholders added that these changes can be progressed regardless of which TMO is progressed in future.

A minority of stakeholders questioned why the ESO are not progressing with all TMA K options and that existing products also need review. One stakeholder questioned the priority of TMA K (apart from TMA K3) which they argue could enable earlier connection dates for energy storage (due to it being related to non-firm access) and would therefore have a significant whole system benefit.

TMA L (Requirements to Accept and Offer)

Of those who specifically commented on this aspect, the majority agreed with the ESO and therefore the implementation of TMA L (i.e. to review user commitment arrangements solely in relation to ensuring that the prevailing methodology and TMOs are in alignment, rather than to change any of the underlying principles) and one stakeholder also agreed with the initial recommendation not to pursue a holding charge as unlikely to be a deterrent to ‘capacity hogging’.

A minority of stakeholders offered suggestions on potential revised arrangements e.g. £/MW methodology between Gate 1 and Gate 2 and prevailing user commitment arrangements to apply from Gate 2 although one stakeholder expressed would not support changes that allow parties to avoid securities prior to passing Gate 2.

However, a minority of stakeholders argued for a wider review of user commitment and one stakeholder went further and proposed abolishing the Final Sums methodology, noting that a live code modification is exploring this in the code change process.

TMA M (Timeframe for Updating Contracts)

Of those who specifically commented on this aspect, there was majority support for the initial recommendation but most of these did not then go on to provide specific comments. The majority of the comments received were related to the need for more proactive contract management and defined timescales for updating contracts (including Agreements to Vary).

A minority of stakeholders did not support the initial recommendation and argued that the annual review cycle where all contracts are reviewed (TMA M2) as this would capture changes on the network and/or when key milestones are reached (TMA M5) should also be considered.

TMA N (Criteria for ESO to Reject a Modification)

Of those who specifically commented on this aspect, there was majority support for the initial recommendation with a minority of stakeholders requesting published guidance on what constitutes a Modification Application and clarity on the circumstances when a Modification Application is not required. The specific comments mostly came from stakeholders who did not support the initial recommendation, mostly due to the same concerns as with TMA I e.g. the ESO having the ability to reject a competent application based on a selective assessment.

TMA O (Secondary Processes)

Of those who specifically commented on this aspect, there was majority support for the initial recommendation as some modifications to existing connection offers should be able to be progressed via a simpler process as long as changes do not impact on design or construction of the system or have a detrimental impact to other generators. However, one stakeholder noted that what is taken forward is dependent on the final TMO/TMAs. One stakeholder asked for the ESO to consider including capacity reductions (TMA O7) to incentivise freeing up of capacity and include connection site changes (TMA O9) (if outside of the developer's control) in the scope.

TMA P (Dual Track Process)

Of those who specifically commented on this aspect, there was majority support for the initial recommendation. as ‘priority projects’ should follow the same timeline and process to ensure efficient network design. A minority of stakeholders added there needs to be a clear, industry agreed definition of what a ‘priority project’ would be to ensure fair treatment.

TMA Q (Financial Compensation)

Of those who specifically commented on this aspect, there was majority support for the initial recommendation (albeit there was significant minority opposition) but most of these did not provide specific comments, although one stakeholder noted that financial compensation for developers in the event of TO delays would ultimately be borne by consumers.

The specific comments mostly came from stakeholders who argued that the initial recommendation does not go far enough. These stakeholders argued there should be contractual obligations on network owners to deliver to time and that the financial impact of delays should be shared between customers, the ESO, and TOs e.g. there should be compensation for delays or additional costs incurred due to the ESO and/or TOs. Additionally, some of these stakeholders added that these arrangements should be part of the network regulatory regimes.

A minority of stakeholders added that there should be strict requirements for TOs to communicate cost or timescale increases clearly and in a timely way and one stakeholder stated that at a minimum connection offers should include a greater level of cost breakdown and transparency.

One stakeholder, although supportive of TMA Q, argued that this appears unrealistic to implement.

TMA R (Management of Underutilised Capacity)

Of those who specifically commented on this aspect, there was majority support for the initial recommendation. There were however some comments seeking further information on how this could be implemented, including timelines/communication before removal of unused capacity, clear rules on when capacity shall be relinquished and a process where the developer can appeal and justify the reasons for underusing their contracted TEC.

One stakeholder argued that the process must be owned by the ESO rather than TOs and another suggested a similar mechanism to DNOs is used by the ESO, where the maximum load factor in any half hour period for that year is used to calculate the unused TEC at a connection point. One stakeholder argued for financial disincentives for projects staying in queue without progressing / releasing capacity that they are no longer using.

A minority of stakeholders did not agree with the 'Use it or Lose it' approach with stakeholders asking the ESO to consider a 'Use it or Share it' approach rather than a 'Use it or Lose it' approach. Another stakeholder argued that this approach is impractical, and another argued that if connectees are willing to pay the appropriate costs for their connection size, they should have the right to that capacity and added the case for stronger signals to discourage oversizing connections would be better contained within the network charging methodology.

One stakeholder commented that they agreed with the initial recommendation not to proceed with TMA R3, TMA R4 and TMA R5, on the basis that TMA R4 and TMA R5 may overlap with the network charging review and TMA R3 and TMA R5 are unnecessary as user commitment should cover these aspects.

TMA S (Fast Track Dispute Process)

Of those who specifically commented on this aspect, this received the highest support from stakeholders, with the only detractor from a stakeholder who disagreed with the proposals as whole and therefore argued that an appeals process is unnecessary. There were only a handful of comments, but these were asks to ensure the process is clear, fair and transparent and needs to be agreed with Ofgem.

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

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?

Whilst numerous stakeholders noted the importance of having an implementation period and transitional arrangements, few directly agreed or disagreed with our current views and stakeholder views were generally more nuanced. Of those who directly disagreed, in many cases it was due to disagreement with TMO4 being the preferred TMO i.e. Question 28 and Question 29 presume TMO4 is being implemented and there is a transition period in respect of the implementation of TMO4.

As such, there were mixed views on implementation, with many stakeholders on one hand advocating the need for implementation pace (and quicker implementation timescales), but many stakeholders on the other hand advocating the need for detailed and structured development of the end-to-end process through standard industry processes. Some stakeholders felt that the stated implementation timescales are too ambitious and without an expedited implementation process they may not be achievable. Many stakeholders advocated continued stakeholder engagement, irrespective of their views on the approach taken to implementation. Some stakeholders stated that it is essential that the T/D Interface aspects of the proposals must be within the Minimum Viable Product for implementation. Some stakeholders stated support for the delivery of quick wins prior to implementation of the Minimum Viable Product.

There were some (albeit limited) suggestions about the appropriate transitional arrangements before 'go live' of the of the reformed connections process. Some stakeholders stated they were against any sort of 'pause' on applications within the transitional period and others stated that a pause would be necessary for a controlled transition (mostly the TOs).

Across those both for and against (from the few stakeholders who specifically provided a view on this) there was commonality that any pause should be kept to a minimum. Some stakeholders noted a risk that prior to go-live of a reformed connections process, or any transitional arrangements, there could be an unusually high level of applications in the status quo process.

Some stakeholders also advised that clarity on any retrospective application or action taken in respect of the contracted background should be provided as soon as possible to avoid impacting upon investor confidence in the transitional period and through implementation.

Some stakeholders noted that the 5-Point Plan is an essential foundation to any reformed connections process, with some stating that further action would need to be taken over and above the 5-Point Plan.

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?

In summary, some stakeholders noted that Government and/or Ofgem should focus on:

- Ensuring there is improved ESO/TO/DNO service delivery, resources and performance e.g. timeliness, information availability, customer service, etc.
- Ensuring timely network investment, including anticipatory investment.
- Resolving the shorter-term queue and connection issues/actions.
- Reforming the planning/consenting system e.g. how long granted consents are applicable, etc.
- Ensuring clear and joined up thinking across major reform programmes and communicate e.g. the Review of Electricity Market Arrangement, in relation to Regional System Planning, etc.
- Clarifying views/position in relation to priority project designation, both now and in future.

(Please note that we have shared this feedback (in summary and in full) with Government and Ofgem.)